

SENATE.

MONDAY, December 11, 1922.

The Chaplain, Rev. J. J. Muir, D. D., offered the following prayer:

Our Father, Thy goodness is continued unto us and we recognize Thy manifold mercies, beseeching Thee to accept of us this morning. Enable us to see clearly what line of duty to pursue, and grant unto us always the desire to follow the teachings of Thine own gracious purpose, and help others on in the right and in the truth. We ask in Christ Jesus' name. Amen.

The VICE PRESIDENT resumed the chair.

RALPH H. CAMERON, a Senator from the State of Arizona, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of the proceedings of Saturday last, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

ENROLLED BILLS SIGNED.

The VICE PRESIDENT announced his signature to the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 3195. An act to authorize the Secretary of the Interior to accept completion of Carey segregation No. 11 and to issue patent therefor;

S. 3990. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of the Brooklyn Museum the silver service which was presented to the cruiser *Brooklyn* by citizens of Brooklyn, N. Y.;

S. 4025. An act to permit Mahlon Pitney, an Associate Justice of the Supreme Court of the United States, to retire;

H. R. 449. An act for the relief of the Cornwell Co., Saginaw, Mich.;

H. R. 450. An act for the relief of Bradley Sykes;

H. R. 1463. An act for the relief of William Malone;

H. R. 1862. An act for the relief of Leroy Fisher.

H. R. 6251. An act for the relief of Leo Balsam;

H. R. 8062. An act amending subdivision (5) of section 302 of the war risk insurance act; and

H. R. 8264. An act for the relief of Thomas B. Smith.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, in which it requested the concurrence of the Senate.

The message also announced that the House insisted upon its amendments to the bill (S. 3275) granting pensions and increase of pensions to certain soldiers and sailors of the Civil and Mexican Wars and to certain widows, former widows, minor children, and helpless children of said soldiers and sailors, and to widows of the War of 1812, and to certain Indian war veterans and widows, disagreed to by the Senate; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. FULLER, Mr. LANGLEY, and Mr. RUCKER were appointed managers on the part of the House at the conference.

REPORT OF SURGEON GENERAL, PUBLIC HEALTH SERVICE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, the report of the Surgeon General of the Public Health Service for the fiscal year 1922, which was referred to the Committee on Finance.

HOUSE BILL REFERRED.

The bill (H. R. 13180) making appropriations for the Treasury Department for the fiscal year ending June 30, 1924, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

PETITIONS AND MEMORIALS.

Mr. WARREN presented telegrams in the nature of petitions from the Lions Club, the Rawlins Board of Trade, the Rawlins National Bank, and the First National Bank, all of Rawlins, Wyo., praying for the passage of the so-called Capper-French truth in fabric bill, which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by the Fremont County Woolgrowers' Association, at Lander, Wyo., favoring

the passage of the so-called Capper-French truth in fabric bill, which was referred to the Committee on Interstate Commerce.

He also presented resolutions adopted by Local Union No. 307, General Teamsters and Chauffeurs, of Cheyenne, Wyo., protesting against any modification of the immigration laws permitting a larger number of immigrants to come into the United States, which were referred to the Committee on Immigration.

Mr. CURTIS presented a petition numerously signed by sundry citizens of the State of Kansas, praying for the enactment of legislation to abolish the discriminatory tax on small-arms ammunition and firearms, which was referred to the Committee on Finance.

Mr. NELSON presented a resolution of Local No. 10, United Cloth Hat and Cap Makers of North America, at St. Paul, Minn., favoring recognition by the United States of the present Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

Mr. LADD presented petitions of Henry R. Halvorson and 8 others of Finley; C. H. Berger and 6 others of Baldwin; Elvick Stouke and 5 others of Enderlin; George Carlblom and 3 others of Fort Ransom; P. H. Anderson and 8 others of Dawson; Karl Gerger and 8 others of Glen Ullin; Maurice Rife and 9 others of Sheldon; Palmer Demmy and 4 others of Sykeston. Carl Dabelon and 20 others of Kramer; Frank Kelly and 15 others of Richardton; R. T. Paton and 9 others of Neche; Carl Schentt and 7 others of Rugby; Gilbert Larson and 8 others of Crosby; Michael J. Masseth and 9 others of Dawson; J. W. Rickford and 13 others of Sheldon; Magnus Helland and 4 others of Kathryn. A. H. Opsal and 3 others of Taylor; Mrs. Lulu M. Reynolds and 23 others of Powers Lake; J. P. Johnson and 11 others of Park River; Ole Clemetson and 30 others of Hoople, all in the State of North Dakota, praying for the enactment of legislation stabilizing the prices of wheat, which were referred to the Committee on Agriculture and Forestry.

ORGANIZATIONS INDORSING AMERICAN VALUATION—CORRECTION.

Mr. LODGE. Mr. President, I desire to present and have printed in the RECORD two letters in regard to the appearance of certain names in a list of organizations indorsing American valuation, which were printed in the RECORD September 18. These letters are from the representatives of the Arkwright Club and the consolidated tariff committee of American Manufacturers stating that the names of those two organizations were printed without any authority from either organization and should not have appeared in the list. I ask that the two letters be printed in order to make the record correct.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

WILLIAM F. GARCELON, AGENT,
THE ARKWRIGHT CLUB, 1880,
Boston, December 6, 1922.

HON. HENRY CABOT LODGE,
United States Senate, Washington, D. C.

DEAR SIR: In the CONGRESSIONAL RECORD of Monday, September 18, 1922, on page 12836, there appears a so-called list of "organizations indorsing American valuation." This was presented by Senator ODDIE. In that list there appears the name of the Arkwright Club.

The Arkwright Club, as an organization, has taken no position in this matter and has authorized no one to place its name in such a list. It would be appreciated if you will place this statement in the RECORD.

Some of the members of the club have been strongly opposed to the American valuation plan; therefore, the club itself took no position.

Very truly yours,

WM. F. GARCELON, Agent.

(Consolidated tariff commission representing National Council of American Cotton Manufacturers, American Association of Cotton Manufacturers, National Association of Cotton Manufacturers, Association of Cotton Textile Merchants, Arkwright Club.)

BOSTON, MASS., December 6, 1922.

HON. HENRY CABOT LODGE,
United States Senate, Washington, D. C.

DEAR SIR: In the CONGRESSIONAL RECORD of Monday, September 18, 1922, on page 12837, there appears a so-called list of "organizations indorsing American valuation." This was presented by Senator ODDIE. In that list appears the name of the consolidated tariff committee of American Manufacturers.

This committee authorized no one to place its name in such a list and did not, as a committee, indorse the American valuation plan, individual members at times expressing their opinion for and against it.

Will you kindly have this statement placed in the records of the Senate, so that the misstatement as above may not stand?

Very truly yours,

WM. F. GARCELON, Secretary.

LECTURES BY LIEUT. CAPT. HELLMUTH VON MULCKE.

Mr. FRELINGHUYSEN. Mr. President, I ask unanimous consent to present and have printed in the RECORD a resolution passed by the Captain Newell Rodney Fiske Post of Cranford, N. J., opposing the lecturing by Lieut. Capt. Hellmuth von Mulcke on his experiences on the German cruiser *Emden*.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
NATIONAL LEGISLATIVE COMMITTEE,
Washington, D. C., December 2, 1922.

Hon. JOSEPH S. FRELINGHUYSEN,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I am taking the liberty of transmitting to you the following resolution, which was passed by the Captain Newell Rodney Fiske Post, No. 335, of the Veterans of Foreign Wars, in Cranford, N. J., and which has been concurred in by our national officers. The resolution is short, and I am sure that the situation should be brought to the attention of the country through the medium of its publication in the CONGRESSIONAL RECORD. May we count on your good offices?

Resolved, That the Captain Newell Rodney Fiske Post, No. 335, Veterans of Foreign Wars of the United States, of Cranford, N. J., goes on record as being emphatically opposed to allowing Lieut. Capt. Hellmuth Von Mulcke to come into the United States of America and lecture, either privately or publicly, relating his experiences on the German cruiser *Emden* in sinking ships and destroying human lives.

Yours very truly,

EDWIN S. BETTELHEIM, Jr., Chairman.

REPORTS OF COMMITTEES.

Mr. BALL, from the Committee on the District of Columbia, to which was referred the joint resolution (S. J. Res. 247) providing funds for the maintenance of public order and the protection of life and property during the convention of the Imperial Council of the Mystic Shrine in the District of Columbia June 5, 6, and 7, 1923, and for other purposes, reported it with amendments and submitted a report (No. 938) thereon.

Mr. McLEAN, from the Committee on Banking and Currency, to which was referred the bill (S. 4096) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the enunciation of the Monroe doctrine, reported it without amendment.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 250) to donate to the Veterans of Foreign Wars of the United States certain war trophies captured by or surrendered to the armed forces of the United States in the World War, reported it without amendment and submitted a report (No. 939) thereon.

AMENDMENT OF TRADING WITH THE ENEMY ACT.

Mr. NELSON. From the Committee on the Judiciary I report back favorably without amendment the bill (S. 4100) to amend section 9 of the trading with the enemy act as amended, and I submit a report (No. 936) thereon.

I wish to make a brief statement, if the Senate will permit me.

Mr. ROBINSON. The Senator from Minnesota is asking unanimous consent for the present consideration of the bill?

Mr. NELSON. Yes; it simply grants an extension of time, and I shall make a brief statement about it.

Under the trading with the enemy act six months' time was given for claimants whose property had been taken by the Alien Property Custodian to make requests for the return of the property and to prefer claims for it. By the act of 1921 that time was extended 18 months and by the bill which I have just reported it is intended to extend it for another year. The letter of the Alien Property Custodian states that—

The same situation arises this year as existed last year, and unless the time for filing suit is further extended much hardship will ensue, and in all probability there will be hundreds of suits filed against the Alien Property Custodian by those who will not await further congressional action dealing with the disposition of the alien property. The bringing of those suits will not only work a hardship to a lot of enemy owners but will necessitate an expenditure on the part of the Government of additional sums in the employment of assistant counsel and otherwise for the handling of these suits.

The bill is recommended not only by the Alien Property Custodian but by the Department of Justice. The present time within which claims may be filed will expire on the 2d of January next. The object of the bill is simply to extend that time for one year. That is the whole purpose of the bill. I ask unanimous consent for its present consideration.

Mr. UNDERWOOD. Mr. President, I understand that section 9 of the trading with the enemy act authorized these claimants to property to go to the courts and sue for the return of their property, and that there is no statute of limitation which rests upon that right to go to the courts. I inquire of the Senator from Minnesota if there is any statutory limitation that prevents these people from going to the courts?

Mr. NELSON. I think that is the statute we refer to. The claimants were originally given six months' time under the trading with the enemy act, and in 1921 the time was extended by the act of that year for 18 months, and it is the purpose of the bill to give additional time in which to prefer claims and bring suit.

Mr. UNDERWOOD. My understanding was that the limitation related to their making settlement with the Alien Property Custodian and the Attorney General, and not with regard

to the question of their going into the Court of Claims and suing for the property.

Mr. NELSON. The bill proposes to amend section 9 of the trading with the enemy act.

Mr. UNDERWOOD. The limitation probably relates to both.

Mr. NELSON. Yes. The bill has been approved by the Alien Property Custodian.

Mr. UNDERWOOD. Under section 9 of the trading with the enemy act it was proposed that property unlawfully and unjustly taken might be recovered either through the Alien Property Custodian or the courts. By that was meant cases where the property of an American citizen or a national of one of our allies was involved or was taken only as a war measure, because the American citizen or the national of one of our allies was in the enemy's country or where the property was taken by mistake.

I would have no objection if the bill limited the matter to one year further in order to give people who may have a righteous cause an opportunity to go to the courts and be heard. But, Mr. President, I think the time has come to take affirmative action with reference to the payment of American claims. I am not objecting to the Senator's proposition. I am not going to object now. I am perfectly willing that the bill shall be considered.

Mr. NELSON. Will the Senator allow me to interject one remark? The bill does not change the law in any respect except that it extends the time one year.

Mr. UNDERWOOD. That is what I understand, and I have no objection to that; but I think the time has come when some affirmative action should be taken looking to the payment of American claims. Property was taken over by the German Government from its nationals and under the treaty of Berlin given to us to pay our claimants; that is to say, it really belonged to the enemy at the time it was taken; but there has been no action taken by this Government to protect the rights of its own citizens up to this time. In 1914 some of the American claims arose, and here we are about to enter 1923.

Nine years ago some of these claims arose and most of them have existed for five or six years, and yet no action has been taken. It is true the President has appointed a commission to hear the claims, but the commission has not met. Congress has taken no action. There are a great many of the American claims which are meritorious. The property of innocent American citizens was sacrificed and their lives were sacrificed. I think the time has come when the American Congress and the American Government should give some attention to looking after the claims of American citizens as well as the claims to property of aliens.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the bill was considered as in Committee of the Whole, and it was read as follows:

Be it enacted, etc., That section 9 of the trading with the enemy act as amended is amended by striking out the words "18 months" in such section and inserting in lieu thereof "30 months."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

LAND PATENT TO JOHN W. STANTON.

Mr. MYERS. From the Committee on Public Lands and Surveys I report back favorably, without amendment, the bill (S. 2934) to provide for the issuance to John W. Stanton by the Secretary of the Interior of patent to certain land, upon payment therefor at the rate of \$1.25 per acre, and I submit a report (No. 937) thereon.

I ask the indulgence of the Senate while I make a very brief statement relative to the purpose of the bill. I should like to have the bill read at the desk for the information of the Senate, and then I shall ask unanimous consent for its immediate consideration.

It is a bill that is recommended by the Secretary of the Interior, and he urges immediate action in order that it may stand some chance of getting through the House at this session. I have a letter from the Assistant Secretary of the Interior urging the passage of the bill in order that the party interested may not lose all his rights in the matter.

The land in question was entered under the homestead law, and the entryman complied with the law in all respects and cultivated and improved the land to the extent required. He borrowed from a party, with whom I am well acquainted, \$500 with which to improve the land, and all that money was put into improving the land, but just before the entryman made the final proof, or just before patent was issued, he died. He left no relatives or heirs whatever. The party who loaned the \$500 which went into improvements on the land, and for which he

holds a mortgage on the land, asks leave to have the Secretary of the Interior issue a patent to him instead of to the original entryman upon the payment by him of \$1.25 an acre, the exact amount the entryman would have had to pay.

I send the bill to the desk and ask that it may be read for the information of the Senate, and then I shall ask for its immediate consideration.

The VICE PRESIDENT. The bill will be read for the information of the Senate.

The reading clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized, in his discretion, to issue patent to John W. Stanton, of Great Falls, Mont., for the west half of the southwest quarter of section 2, the north half of the northwest quarter of section 11, and the northeast quarter of the southeast quarter of section 3, all in township 23 north of range 4 east, principal meridian of Montana, upon payment by said John W. Stanton therefor at the rate of \$1.25 per acre.

Mr. TOWNSEND. I desire to ask the Senator from Montana if the bill which has just been read has been before the Committee on Public Lands and Surveys and has been unanimously reported from that committee?

Mr. MYERS. The bill has received the unanimous report of the committee. There was a good attendance of the committee, constituting a quorum, and all members of the committee who were present thought the bill should be enacted into law at once.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WARREN:

A bill (S. 4145) providing that the State of Wyoming be permitted to relinquish to the United States certain lands heretofore granted and to select other lands from the public domain in lieu thereof; and

A bill (S. 4146) granting certain lands to Natrona County, Wyo., for a public park (with accompanying papers); to the Committee on Public Lands and Surveys.

By Mr. TOWNSEND:

A bill (S. 4147) granting a pension to Isaac Hawley (with accompanying papers); to the Committee on Pensions.

By Mr. GOODING:

A bill (S. 4148) relative to reduction in freight rates on products of agriculture and live stock; to the Committee on Interstate Commerce.

By Mr. WELLER:

A bill (S. 4149) for the relief of Mary A. Cox; to the Committee on Claims.

By Mr. WADSWORTH:

A bill (S. 4150) to provide for the organization of organized reserves in the Philippine Islands; to the Committee on Military Affairs.

GRADE OF PROFESSOR EMERITUS AT NAVAL ACADEMY.

Mr. LODGE submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was referred to the Committee on Naval Affairs and ordered to be printed.

SALARIES OF CERTAIN ATTORNEYS AND MARSHALS.

Mr. LODGE submitted an amendment in the nature of a substitute intended to be proposed by him to the bill (S. 425) fixing the salaries of certain United States attorneys and United States marshals, which was ordered to lie on the table and to be printed.

PROPOSED SIX-YEAR PRESIDENTIAL TERM.

Mr. HARRIS submitted an amendment intended to be proposed by him to the joint resolution (S. J. Res. 253) proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and Members of Congress, and providing for the election of President and Vice President by direct vote, which was ordered to lie on the table and to be printed.

ARMAMENT CONFERENCE TREATIES.

Mr. HITCHCOCK. I offer the resolution which I send to the desk and ask to have read. It is very brief, and I think there will be no objection to it.

The resolution (S. Res. 381) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of State be, and he is hereby, requested to furnish the Senate information showing to what extent and by what nations the six treaties known as the armament conference treaties, described in Senate Document No. 124, Sixty-seventh Congress, second session, have been ratified, and to give the date of ratification in each case by each country.

THE CALENDAR—THE MERCHANT MARINE.

The VICE PRESIDENT. The calendar under Rule VIII is in order.

Mr. CURTIS. Mr. President. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The reading clerk called the roll, and the following Senators answered to their names:

Ball	Gooding	McKellar	Simmons
Bayard	Hale	McLean	Smith
Borah	Harrell	McNary	Smoot
Brookhart	Harris	Myers	Spencer
Cameron	Harrison	Nelson	Stanley
Capper	Heflin	New	Sutherland
Caraway	Hitchcock	Nicholson	Townsend
Colt	Jones, N. Mex.	Norbeck	Trammell
Couzens	Jones, Wash.	Norris	Underwood
Culberson	Kellogg	Overman	Wadsworth
Curtis	Kendrick	Page	Walsh, Mass.
Dial	Keyes	Phipps	Walsh, Mont.
Dillingham	Ladd	Pittman	Warren
Fernald	La Follette	Pomerene	Weller
Fletcher	Lenroot	Ransdell	Williams
Frelinghuysen	Lodge	Robinson	Willis
Glass	McCumber	Sheppard	

The VICE PRESIDENT. Sixty-seven Senators have answered to their names. A quorum is present. The calendar under Rule VIII is in order.

Mr. JONES of Washington. Mr. President, I ask unanimous consent that the call of the calendar provided for by the rule may be suspended for the day. We had a call of the calendar the other day.

Mr. UNDERWOOD. Mr. President, I think we did have a call of the calendar the other day, and I do not know that there is any business very pressing on the calendar, although there is a bill on the calendar which I should like to have taken up, but I do not seem to be able to have an opportunity to have that done. However, I desire to ask the Senator from Washington what is his purpose. Does he intend to push to a final vote the bill which he seeks to have taken up to-day? I have no desire to delay the consideration of the bill, I will say candidly to the Senator, but a bill of such magnitude, of course, requires some consideration.

Mr. JONES of Washington. I know the Senator from Alabama has no intention of unduly delaying the passage of the bill.

Mr. UNDERWOOD. Of course, several days must elapse before the Senate will be in a condition to consider a measure of such importance. If the Senator intends, when the shipping bill shall have been taken up to-day and the debate for the day seems to have been concluded, to ask that the Senate adjourn, I have no objection to suspending the call of the calendar this morning.

I wish to say, and I wish to have it understood, that I do not intend to interpose any unusual delay against the consideration of the bill, but I know that there are Senators on this side of the Chamber who desire to speak on the bill in its initial stages who are not prepared to do so to-day. I should not, therefore, desire to consent that the call of the calendar be dispensed with, if the intention on the part of those pressing the ship subsidy bill is, while Senators who are opposed to that measure are not prepared to speak, to resort to extreme measures. If that is not the purpose of the Senator from Washington, I shall have no objection to his request.

Mr. JONES of Washington. Mr. President, of course, I did not expect that the bill would be disposed of to-day. I did intend to make some brief remarks myself upon the measure. Then, of course, if Senators are not prepared to consider it further to-day, I would not press for a vote, because I know it is quite a controverted measure and that it will take some considerable time to dispose of it even without any unnecessary opposition. When we conclude our business to-day I should like to have the Senate take a recess until 11 o'clock to-morrow morning, but I would not be disposed to press that suggestion, of course, after what the Senator from Alabama has said.

Mr. UNDERWOOD. I do not think we ought so soon to start taking recesses until 11 o'clock the following day. Later on we may do so. I have no objection to taking a recess until to-morrow, but I think, with the committees meeting, 12 o'clock

would be time enough to have the Senate convene following the recess.

Mr. JONES of Washington. Probably, so far as to-morrow is concerned, that suggestion may be all right.

Mr. NORRIS. Mr. President, I should like to say just a word to the Senator brought out by his suggestion of a recess until 11 o'clock either to-morrow or for the next several days. The Committee on Agriculture and Forestry have arranged some hearings on legislation which I think is of very great importance, and, in accordance with those arrangements, men have come from different parts of the United States. There is quite a delegation here now. I talked with the man who has charge of the arrangements for a number of bankers and farmers from the Northwest, and he stated it would take them three or four days to be heard. The Senator knows that if the Senate meets at 11 o'clock that means that committee work will have to suffer. I realize that it may be said the committee could go on while the Senate is in session, but everyone knows that is very unsatisfactory, for it frequently results in having only one or two members of the committee present. The legislation which we are considering pertains to and is intended to affect directly the agriculturists of the country. I would very much dislike to see any action taken within the next several days at least that would prevent us from going on without hearings in the regular way.

Mr. JONES of Washington. I will say that I will not ask the Senate to take a recess to an earlier hour than 12 o'clock to-morrow in any event.

Mr. NORRIS. A recess to an earlier hour for the following day and for several days thereafter would be just as bad. I do not want silence on my part to be interpreted as in any way giving my consent to that kind of an arrangement.

Mr. FLETCHER and Mr. POMERENE addressed the Chair. The VICE PRESIDENT. Does the Senator from Washington yield; and if so, to whom?

Mr. JONES of Washington. I yield first to the Senator from Florida.

Mr. FLETCHER. Mr. President, I realize the force of what the Senator from Nebraska has said. Furthermore, I know that the Banking and Currency Committee will meet to-morrow at 10:30 o'clock to consider the rural credits bill pending before that committee, and it will be quite impossible for that committee to consider that and other matters and give hearings if we are going to recess and meet here at 11 o'clock. I understand the Senator now to suggest that he will not press such a request for the present, at any rate, and he certainly ought not to insist upon it, because it would deprive us entirely of the opportunity of considering very important measures, especially those on the subject of rural credits.

I do not know that there is any measure of particular importance now on the calendar, but there have been some bills reported since the last call of the calendar, and I am inclined to think that we ought to go on regularly and stand by our rules. This being Calendar Monday, let us dispose of such measures as ought to be disposed of, and then, after that, I presume it is the purpose of the Senator to move to consider the ship subsidy bill. In the meantime, however, I think we ought to proceed regularly and deal with the calendar.

Mr. POMERENE. Mr. President, will the Senator permit a further suggestion?

Mr. JONES of Washington. I understand this matter is really not debatable, but I have no objection to the Senator making a suggestion.

Mr. POMERENE. I wanted to make a suggestion along the line of those made by the Senator from Florida and the Senator from Nebraska. We are going to have a number of hearings before the Banking and Currency Committee on the subject of rural credits. The chairman of that committee has just advised me that those hearings will probably take a week or two weeks. They are of the utmost importance. I recognize the fact that the Commerce Committee has been studying this question of a merchant marine for many weeks. Some of the rest of us have tried to give it some attention. Personally, I have not come to any conclusion about it; but I want the opportunity to attend religiously upon these debates as they occur, and I can not perform my duties in the Banking and Currency Committee and be here at the same time.

While this is the short session of the Congress, this is a matter of the utmost importance; and whatever may be the ultimate result of this legislation, it does seem to me that we can afford to study it very carefully before coming to a final conclusion.

Mr. JONES of Washington. Mr. President, I appreciate just what the Senator from Ohio says. I appreciate that it is difficult to hold these committee hearings with the Senate in ses-

sion. Some Members would like to be at the committee meetings. They would also like to be on the floor of the Senate. I can not give any assurance, however, with reference to the action of the Senate in that respect, except to say that I shall not ask the Senate to-day to recess to a time earlier than 12 o'clock to-morrow.

Everybody recognizes the controversial character of the bill that we hope to bring up; and while I assume that whatever opposition there is to the bill will be based upon its merits, and that there will be no disposition to take advantage of the situation by reason of this being a short session to defeat the bill or unduly delay it, yet the bill is on the calendar; it has been pending for quite a long while; and it seems to me that we shall have to take every reasonable means at our disposal to expedite its passage, even though we may have to interfere with the hearings that may be necessary in other very important matters. I think everybody recognizes the situation that confronts us, and everybody will appreciate, I think, any efforts that are made to expedite the passage of the bill, even though they may interfere with hearings upon various important measures.

As I say, however, I shall not ask the Senate to-day to recess to an hour earlier than 12 o'clock to-morrow. I had hoped that we might dispense with the call of the calendar this morning. I know that under the rules this is Calendar Monday, and if any Senator objects I shall not complain, of course. He has a perfect right to do it.

The VICE PRESIDENT. Is there objection?

Mr. ROBINSON. Mr. President, reserving the right to object, the bill which the Senator from Washington [Mr. JONES] proposes to bring forward is an important measure. It was made an issue in the political campaign which terminated in the election on the 7th of November last. It would not be accurate to say that this measure was the sole issue which determined the very far-reaching results of that election. It is true, however, that when the President proposed to bring the bill forward prior to the election and have it passed upon by the Congress then, it was announced in the public press that the leaders of the majority of the body at the other end of the Capitol were opposed to that action, because they anticipated that if the ship subsidy bill was passed by the House of Representatives prior to the election it would inevitably result in the defeat of many Republican Members for reelection, and Members particularly from the sections represented by the leader of the majority in the House of Representatives recognized the measure as unpopular with the American people, particularly with their constituencies.

They had no hesitancy then in saying that the consideration of the ship subsidy bill should be deferred until after the election; and the reason this action was suggested was that to pass it prior to the election would prevent their reelection or return to Congress.

The President, as the press announced, reluctantly responded to that attitude of the leader of the majority in the House of Representatives and others associated with him in the political affairs of this Nation. No effort was made to bring the bill forward and pass it prior to the election. It is true that other measures were pending which consumed the time of the Congress. The President's purpose, expressed early in the session, was to make this the supreme legislative issue. He yielded that attitude out of respect to the leaders of the majority party in this body and in the body at the other end of the Capitol.

When the election was held, this bill was one of the primary issues that determined the results in 50 or more congressional districts throughout the country; and everywhere this bill was made an important issue the result was an overwhelming defeat for the champions of the measure. You can not name a western district where the ship subsidy bill was an issue at the last election where the advocate of this legislation, the open and avowed champion of the measure, won the support of his constituents.

This issue, with others associated with it, came near resulting in a reversal of the political control of both Houses of Congress. It encompassed the defeat of many Representatives and of some Senators. Now it is proposed by the Senator from Washington [Mr. JONES], representing the administration, to take advantage of the very short period which must transpire under the Constitution of the United States before those who received the approval of the public in the last election, those who won on this and other issues associated with it, shall have the opportunity of registering their votes in the Senate and in the House of Representatives and pass the bill in virtual defiance of public sentiment in the United States. That is the proposition implied from the suggestion of the chairman of the committee, the Senator from Washington, when he an-

nounces his purpose, on this the very first day the ship subsidy bill is before the Senate, to begin a process of pressure, before its provisions have even been explained to the Senate, to drive the measure through the Senate under whip and spur so that it may go back to the House and pass the conference before the 4th of March, because he knows and the administration knows that if the bill does not pass before that time its doom is sealed for all time.

No, you do not concede that openly. Let me ask you, if you were not afraid of the issue, why did you postpone it until after the election, and why are you so hasty in bringing it forward since the election, so as to have it disposed of before the newly elected representatives of the people in the House and in the Senate have the opportunity of reflecting in their votes respecting this bill the voices and the pleasures of their respective constituencies? The proper thing to do, since you did not have the courage to bring it forward and expressly make it an issue in the last election, and since you must know that the measure is unpopular, as evidenced by the result of the election, is to give those who have the new and recent approval of the constituencies represented in the House of Representatives and in the Senate of the United States the opportunity of disposing of the issue. That is representative government.

Something has been said heretofore about changing the Constitution so as to reflect more promptly in this Chamber and in the House of Representatives the desires of the constituencies represented in these bodies. While the framers of the Constitution undoubtedly recognized the dangers of hasty action in legislation, they never dreamed that after a measure had been passed on by the American people, and disapproved by them, those who had been rejected in the election would dare to insist upon passing measures which the election showed to be unpopular.

You have the power to take this action. I presume you have the votes. If you can get the votes you can pass this bill, which you know the people of this country refused to approve, and which you know they will not approve, and thus permit the men who have been defeated upon this very issue to determine it against the will and the desires of their constituents.

This measure ought to go over until the long session of Congress.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington to dispense with the call of the calendar?

Mr. FLETCHER. I object, Mr. President.

The VICE PRESIDENT. There is objection. The calendar will be proceeded with under Rule VIII.

BILLS PASSED OVER.

The bill (S. 214) to amend section 24 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, was announced as the first business on the calendar.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1467) to carry into effect the findings of the Court of Claims in favor of Elizabeth White, administratrix of the estate of Samuel N. White, deceased, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The VICE PRESIDENT. The bill goes over.

The bill (S. 491) to provide, without expenditure of Federal funds, the opportunities of the people to acquire rural homes, and for other purposes, was read.

Mr. ROBINSON. This appears to be a bill of considerable importance. The author of the bill, or some one who is familiar with its provisions, should, I think, give the Senate an explanation of its terms and purposes. I do not desire to object to its consideration, but I do want to understand what the object of the bill is.

Mr. WADSWORTH. I object.

The VICE PRESIDENT. There is objection, and the bill will be passed over.

The bill (S. 1016) to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States," was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

EXPENDITURES IN EXECUTIVE DEPARTMENTS.

The resolution (S. Res. 67) authorizing the Committee on Expenditures in the Executive Departments to hold hearings here or elsewhere and to employ stenographers to report the same was announced as next in order.

Mr. SMOOT. I ask that the resolution be placed on the calendar under Rule IX.

The VICE PRESIDENT. Without objection, it is so ordered.

LOANS IN THE DISTRICT OF COLUMBIA.

The bill (S. 7) to amend the act entitled "An act to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, and real estate brokers in the District of Columbia," approved February 4, 1913, was announced as next in order.

Mr. ROBINSON. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

FOREIGN TRADE ZONES.

The bill (S. 2391) to provide for the establishment, operation, and maintenance of foreign trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes, was announced as next in order.

Mr. SMOOT. That was virtually taken care of in the tariff bill, or we undertook to take care of it, though not so fully as this bill would do. I ask that the bill may go to the calendar under Rule IX.

The VICE PRESIDENT. Without objection, it is so ordered.

BILLS, ETC., PASSED OVER.

The bill (S. 2228) to amend certain sections of the Judicial Code relating to the Court of Claims was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 8331) to amend the transportation act, 1920, and for other purposes, was announced as next in order.

The VICE PRESIDENT. This bill has been considered as in Committee of the Whole two or three times, has been amended, and there is an amendment pending, which the Secretary will state.

Mr. FRELINGHUYSEN. Let the bill go over.

The VICE PRESIDENT. The bill goes over.

The joint resolution (S. J. Res. 41) authorizing transportation for dependents of Army field clerks and field clerks Quartermaster Corps was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

DRY DOCK AT NEW ORLEANS, LA.

The bill (S. 2718) to provide for leasing of the floating dry dock at the naval station, New Orleans, La., was considered as in Committee of the Whole, and was read as follows:

Be it enacted, etc., That authority be, and is hereby, given to the Secretary of the Navy, when in his discretion it will be for the public good, to lease, for periods not exceeding five years and revocable at any time, the floating dry dock at the naval station, New Orleans, La.; and such lease shall be reported annually to Congress: *Provided,* That all moneys received from such lease shall be covered into the Treasury as miscellaneous receipts.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. PAGE subsequently said: Mr. President, referring to the bill (S. 2718) to provide for the leasing of the floating dry dock at the naval station, New Orleans, La., the facts about the bill are these: Some questions have arisen which seem to render it necessary to have the bill go back to the Committee on Naval Affairs and for that committee to have further consideration of the matter. I had intended to ask that it might go over when it was reached at this time. I was not in the Chamber when the bill was called, however, and I now ask unanimous consent that the votes by which the bill was ordered to a third reading and passed may be reconsidered, so that the bill may remain upon the calendar.

The PRESIDING OFFICER (Mr. McNARY in the chair). Is there objection to the request of the Senator from Vermont?

Mr. FLETCHER. I know nothing about it, but I suggest, if the Senator thinks it ought to be recommitted, that he then have it recommitted instead of being kept on the calendar.

Mr. PAGE. I prefer that it be not recommitted until after to-morrow, when the Committee on Naval Affairs expect to consider it.

The PRESIDING OFFICER. If there is no objection to the reconsideration of the votes by which the bill was ordered to a third reading and passed, it will then go to the calendar. Is there objection? The Chair hears none, and it is so ordered.

BILLS, ETC., PASSED OVER.

The bill (S. 2589) to amend section 11 of the act entitled "An act for the retirement of public-school teachers in the District of Columbia," approved January 15, 1920, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 67) for the relief of the heirs of Adam and Noah Brown was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1539) for the relief of Watson B. Dickerman, administrator of the estate of Charles Backman, deceased, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1861) authorizing the Court of Claims to adjudicate the claim of Capt. David McD. Shearer for compensation for the adoption and use and acquisition by the United States Government of his patented invention, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 133) proposing an amendment to the Constitution of the United States was announced as next in order.

Mr. LODGE. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 14) providing for the election of a Delegate to the House of Representatives from the District of Columbia, and for other purposes, was announced as next in order.

Mr. SMOOT. That bill can not be considered this morning.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2292) authorizing the Secretary of War to furnish certain information for historical purposes to the adjutant generals of the several States and the District of Columbia, and making an appropriation therefor, was announced as next in order.

Mr. SMOOT. That will have to go over to-day.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3254) to encourage the development of the agricultural resources of the United States through Federal and State cooperation, giving preference in the matter of employment and the establishment of rural homes to those who have served with the military and naval forces of the United States, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1343) granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War was announced as next in order.

Mr. SMOOT. I ask that that may go over.

The VICE PRESIDENT. The bill goes over.

The bill (S. 1345) to amend an act entitled "Interstate commerce act," approved February 28, 1920, was announced as next in order.

Mr. NEW. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1346) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, and all acts amendatory thereof, including the safety appliance acts and the act providing for the valuation of the several classes of property of carriers subject to the Interstate Commerce Commission, approved March 1, 1913, was announced as next in order.

Mr. NEW. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2921) to amend an act entitled "An act to establish a uniform system of bankruptcy throughout the United States," approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. ROBINSON. I have no objection to considering the bill, but I want to know what it proposes to do.

Mr. TOWNSEND. I think the bill should go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 188) creating a committee to investigate existing conditions of industry and commerce in the United States for the purpose of recommending to Congress legislation defining the rights and limitations of cooperative organizations as distinguished from illicit combinations in restraint of trade was announced as next in order.

Mr. FLETCHER. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (S. 3384) authorizing an appropriation to meet proportionate expenses of providing a drainage system for Paiute Indian lands in the State of Nevada within the Newlands reclamation project of the Reclamation Service was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 171) to extend the provisions of the act of May 11, 1912, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The joint resolution (S. J. Res. 227) rejecting bids for the acquisition of Muscle Shoals was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The joint resolution will be passed over.

The bill (H. R. 13) to assure to persons within the jurisdiction of every State the equal protection of the laws, and to punish the crime of lynching, was announced as next in order.

Mr. TRAMMELL. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3146) to amend section 5 of the United States cotton futures act was announced as next in order.

Mr. SMOOT. There is an adverse report on the bill, and it had better go over to-day.

The VICE PRESIDENT. The bill goes over.

The bill (S. 2388) for the relief of Augusta Reiter was announced as next in order.

Mr. FLETCHER. Neither the Senator reporting the bill nor the author of the bill is present, and I ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3858) to define butter and to provide a standard therefor was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER (Mr. McNARY in the chair). On objection of the Senator from Utah the bill will go over.

The bill (H. R. 211) to extend the provisions of the pension act of May 11, 1912, and May 1, 1920, to the officers and enlisted men of all State militia and other State organizations that rendered service to the Union cause during the Civil War for a period of 90 days or more, and providing pensions for their widows, minor children, and dependent parents, and for other purposes, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over. The bill (S. 3995) to authorize the Secretary of Agriculture to exterminate bean beetles in the State of New Mexico, and authorizing expenditures therefor, was announced as next in order.

Mr. SMOOT. Let the bill go over.

The PRESIDING OFFICER. On objection of the Senator from Utah the bill will be passed over.

The bill (S. 3515) for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J., was announced as next in order.

Mr. FLETCHER. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over on objection of the Senator from Florida.

The joint resolution (S. J. Res. 253) proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress, and providing for the election of President and Vice President by direct vote, was announced as next in order.

Mr. LODGE. Let the joint resolution go over.

The PRESIDING OFFICER. On objection of the Senator from Massachusetts the joint resolution will go over.

The bill (S. 2792) for the relief of John L. Livingston was announced as next in order.

Mr. FLETCHER. I think the bill had better go over. The Senator introducing and reporting the bill is not here.

The PRESIDING OFFICER. On objection of the Senator from Florida the bill will go over.

The bill (H. R. 7658) to amend the act approved August 25, 1919, entitled "An act for the relief of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department, and for other purposes," was announced as next in order.

The PRESIDING OFFICER. On objection of the present occupant of the chair the bill will be passed over.

MARINE HOSPITAL RESERVATION, CLEVELAND, OHIO.

The bill (H. R. 11040) to amend an act entitled "An act authorizing the sale of the marine-hospital reservation in Cleveland, Ohio," approved July 26, 1916, was considered as in Committee of the Whole, and was read as follows:

Be it enacted, etc., That the second paragraph of the act entitled "An act authorizing the sale of the marine-hospital reservation in Cleveland, Ohio," approved July 26, 1916, be amended by striking out after the word "thereof" the words "within a limit of cost of \$400,000, and the balance of the proceeds of the sale shall be paid into the Treasury as miscellaneous receipts" and insert in lieu thereof the following words, "and the Secretary of the Treasury shall with the proceeds procure, by purchase, a site in or convenient to said city of Cleveland, Ohio, and erect thereon a suitable building for use as a United States Marine Hospital and other Government hospital purposes, the same to be in accordance with the designs to be prepared by the Supervising Architect to the satisfaction of the Secretary of the Treasury: *Provided*, That the cost of the site and construction of the new building shall not exceed the sum realized from the sale of the present building and site: *Provided further*, That after the sale of the present property it shall remain in the custody and control of the United States until after the completion of the proposed new hospital plant."

Mr. SMOOT. Will the Senator from Ohio [Mr. POMERENE] give a short explanation of the bill? There is no report filed with it.

Mr. POMERENE. I have been somewhat familiar with this matter for a period of several years. The hospital was built probably 70 years ago or thereabouts, in what is now the central part of the city. One of the officers of the Health Department told me to-day that the building is now perhaps worth about \$50,000 to \$75,000, on a site which is worth a million dollars or more, and the place is not at all fitted for a hospital. The ground has advanced tremendously in value. It is anticipated that out of the sale of the land more than a million dollars can be obtained, and that would build a new hospital in an appropriate location in the city.

Mr. SMOOT. Is there a real necessity in Cleveland, Ohio, for a marine hospital?

Mr. POMERENE. Oh, yes; I think so.

Mr. SMOOT. That was the only thought in my mind in asking the Senator the question.

Mr. POMERENE. At this hospital they have taken care of the sailors in the Lake service and at the present time, I understand, they are taking care of some of the veterans. I saw the hospital not to exceed three weeks ago and I am sure that no Senator would say that it is in a proper place. It is not at all modern, and it would be very unwise to attempt to refit or reconstruct it on the present site. I have no doubt about that at all.

Mr. SMOOT. The only doubt I had in my mind was whether it was necessary to build a new hospital there.

Mr. POMERENE. Oh, I think so.

Mr. SMOOT. I understood the land is very valuable and that the present site is no place for a hospital. The only question in my mind was whether we would want to take the million dollars or more which we may get for the land and build a new hospital at this time.

Mr. POMERENE. I am sorry that I can not give the Senator the full details in that behalf, but I am perfectly clear in my own mind that the property ought to be sold.

Mr. LODGE. I take it that the hospital renders service for the Lakes similar to that rendered by our marine hospitals on the coast?

Mr. POMERENE. I think so.

Mr. LODGE. It seems to me it is a most meritorious and proper measure.

Mr. POMERENE. There is no doubt about it at all. I think it would be a waste of good money to have that large investment in land in a place which is wholly unfitted for hospital purposes.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

THE MERCHANT MARINE.

Mr. JONES of Washington. Mr. President, I move that the Senate proceed to the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. ROBINSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Assistant Secretary called the roll and the following Senators answered to their names:

Ball	Cameron	Curtis	Fletcher
Bayard	Capper	Dial	Frelinghuysen
Borah	Caraway	Ernst	Hale
Brookhart	Couzens	Fernald	Harrell

Harris	La Follette	Phipps	Sterling
Harrison	Lenroot	Pomerene	Sutherland
Hefflin	Lodge	Ransdell	Townsend
Hitchcock	McCumber	Reed, Pa.	Trammell
Johnson	McKellar	Robinson	Underwood
Jones, N. Mex.	McNary	Sheppard	Wadsworth
Jones, Wash.	New	Shortridge	Walsh, Mass.
Kellogg	Nicholson	Simmons	Walsh, Mont.
Kendrick	Norris	Smoot	Warren
Keyes	Overman	Spencer	Weller
Ladd	Page	Stanley	Willis

The PRESIDING OFFICER. Sixty Senators have answered to their names and a quorum is present. The question is on the motion of the Senator from Washington that the Senate proceed to the consideration of House bill 12817.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, which had been reported from the Committee on Commerce with amendments.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its business to-day it take a recess until 12 o'clock to-morrow.

Mr. ROBINSON. I object, Mr. President.

The PRESIDING OFFICER. Objection is made.

Mr. JONES of Washington. Then I make that motion.

The PRESIDING OFFICER. The Senator from Washington moves that when the Senate concludes its business to-day it take a recess until 12 o'clock to-morrow. The question is on that motion.

Mr. ROBINSON. Mr. President, the motion now submitted by the Senator from Washington contemplates a very extraordinary proceeding. The bill which he presents for the consideration of the Senate has not been explained to this body; it has not even been read; and yet he is now asking to exclude the consideration of all morning business and to confine the deliberations of the Senate wholly to this measure. Frankly speaking, this is a bill that ought to be considered and discussed at length by the Senate. There is no justification before the bill has been read to hasten action concerning it. Such proceedings are calculated to provoke obstructive processes. There will be no disposition of this bill until the Senate has had an opportunity to give it full consideration and to discuss it fairly. While that is being done there is no reason or justification for precluding the consideration of morning business or the transaction of other business which it may be found necessary to bring before the Senate.

Many of our proceedings here are by unanimous consent; there are a large number of appropriation bills which must be considered and disposed of during the present short session; and I apprehend that the Senator from Washington himself within a very short time will be asking that the pending measure may be temporarily laid aside in order that the Senate may, by its process of unanimous consent, proceed to the consideration of some appropriation bill.

For my part, I have no disposition to cause the business of the Senate to be conducted in any extraordinary manner; but the Senator from Washington, it seems to me, should at least explain the bill and seek to justify it before he attempts to commit the Senate to a hastening-up process for its passage.

The bill is voluminous. As reported by the Commerce Committee of the Senate the bill contains some very far-reaching amendments. The bill passed the House of Representatives by a majority of only 24. Sixty-nine Members of the House who voted for the bill and constituted more than that majority have been defeated, and their places in the body at the other end of the Capitol, after the 4th of March, will be occupied by other Representatives. This bill in the form that it passed the House, if submitted to that body to-day, could not be passed if the Members who voted for it, although they had been defeated, sought in a direct way to reflect the will of their constituents.

I repeat, 69 Representatives in the House who voted for the bill have been defeated. Of course, it can not be said that their attitude in favor of this measure constituted the sole cause of their defeat, but there is not a Senator here who represents a constituency in the West or Middle West, there is not a Representative from the Middle West in the House who does not realize that the pending measure is unpopular with his constituents. In that view of the matter the conduct of the Senator from Washington asking, before the bill has been read, that the Senate adopt an extraordinary course in reference to its consideration is explained. He wants to make certain that this bill, which has been repudiated by the American people in an election, shall be passed before those who have been elected to the new Congress shall have the privilege or opportunity of participating in its consideration. Every Senator and every Representative has the right, of course—indeed, it is his duty—

to reflect in his vote his conscientious judgment respecting measures that come before the Congress; but in a representative government, where issues and candidacies are submitted to the American people and voted for and determined by them, it is bad faith—it is inexcusable—to insist upon the precipitate determination of a measure which has been impliedly rejected by an expression of popular will.

If any Senator doubts that this measure is unpopular, why did the leader of the House of Representatives insist that the President subordinate his views concerning the subject to political expediency and consent to postpone the ship subsidy bill until after the election? Only one answer can be made—not to postpone it at that time meant the defeat of many Representatives allied with the majority side.

The bill was made an issue in the election; it was discussed in all the congressional districts during the campaign. It was in part, at least, responsible for the almost unparalleled change in representation in this body and in the body at the other end of the Capitol. The largest majority which the Republican Party ever had in the House of Representatives came near being converted into a minority in the election on the 7th of last November. No construction can be placed upon that election except that the measures and policies advanced and promoted by the party in power were unpopular and disapproved among the respective constituencies.

Now, the Senator from Washington, before he has said one word in explanation of his bill, seeks to commit the Senate to an extraordinary course in reference to its consideration. Why can we not go forward, consider, and discuss the bill in the ordinary way, at least for a reasonable time, until the Senate and the country have had an opportunity of understanding not only the proposals as originally presented but the new proposals reported by the Committee on Commerce in an effort to popularize the bill and bring to its support in this body the Senators on the majority side who had announced their purpose to oppose it in the form in which the committee first sought to bring it out.

The Senator from Washington no doubt proceeds upon the theory—

If it were done when 't is done, then 't were well
If it were done quickly.

But the time has passed in American politics when measures which tax and burden the people of this Nation can be imposed upon them in conflict with their expressed will; the time has come when in this representative government men who hold their positions by the approval of the public must seek to reflect in a fair degree the intelligent, well-informed, and deliberate conclusions of their constituents.

Mr. HARRISON. Mr. President, I want to make a point of order against the motion made by the Senator from Washington [Mr. JONES]. The Senator's motion, as I understand, was that when the Senate recess this afternoon it recess until to-morrow at 12 o'clock.

Mr. JONES of Washington. Not exactly that; that when the Senate shall conclude its business to-day it recess until to-morrow at 12 o'clock.

Mr. HARRISON. That is in substance what I stated. I submit that Rule XXII lays down the order of business, and that the first motion that is in order is a motion to adjourn. This afternoon, when the Senate has concluded the consideration of this proposition, or whatever may be pending before it, a motion may be made to recess. If a motion is then made to adjourn, the motion to adjourn will take precedence over the motion to recess. Suppose, Mr. President, when the Senate concludes the consideration of business this afternoon, a suggestion of no quorum is made, and on the call of Members, a quorum is not obtained, in that event, it will be conceded, the Senate can only adjourn; a recess can not be taken. The only exception would be by a unanimous-consent order. That is not requested by the Senator from Washington [Mr. JONES]. His request is in the form of a motion. I submit that it is premature at this time, it is extraordinary, it is almost unprecedented, that a motion shall now be made that when the Senate has concluded its session this afternoon it recess until to-morrow; so I make the point of order that the motion is not in order at this time.

Mr. President, I do not want it to be understood that as one Member of the minority I am trying to delay the consideration of the ship subsidy bill. Personally, I shall not from now to the 4th of March, and I do not believe that any Senator on this side of the Chamber will, attempt unnecessarily and without good cause to delay the consideration of the ship subsidy bill. The country knows, however, that an extraordinary session of Congress was called by the President for one purpose, and that purpose was to consider the ship

subsidy bill. We met here day after day for two weeks, and during the whole time there was not a suggestion made, so far as the Senate is concerned, of the ship subsidy proposition. It was not presented. It was not hinted. The only suggestion that did come up during all of that time was the President's message to the Congress and the consideration of the subject by the House; but during those two weeks that the American taxpayer was burdened by enormous expenses through the calling of Congress into extraordinary session, what did we do? Only four things were done, and if a Senator on the other side of the aisle can suggest anything else that was done I shall pause to make amend.

One was a very extraordinary proposition, and one which the American people welcomed, namely, the swearing in of a woman, for the first time in the history of the American Congress, as a Senator from the State of Georgia.

Another was equally welcomed by the American people, and was more welcomed by some Senators on the other side of the aisle, and that was the resignation of Mr. Newberry as Senator from the State of Michigan.

The other two propositions that came before the Congress were matters that were not offered in good faith, that were attempted to be passed here in a sham battle in order to obtain colored votes throughout the country—the Dyer antilynching bill, which all Senators on the other side knew was dead the moment it was born, and the Liberian loan proposition, that had been debated in the Senate for weeks and weeks and weeks before we adjourned prior to the election in November. As to the latter measure, we saw Senators on the other side, like the King of France with 40,000 men, march up the hill and then march down again; and by votes furnished by the Republican majority the Liberian loan bill, carrying an appropriation of \$5,000,000 as a loan to the colored population of Liberia, was sent back to the "sleep that knows no waking" in the committee where it had originated.

That is the fruit of the extraordinary session of Congress called by President Harding to meet and to pass the ship subsidy bill.

Mr. President, we know that we have but about two months and a half in which to pass the great supply bills that must run this Government for the next 12 months. It will be a very difficult task to give consideration to all these important measures and to adjourn by the 4th of March. I want to see the country next year be free from interference by virtue of an extraordinary session, provided we can pass the legislation for which we are called into session and which the American people desire. I want to see us get a rest for the first time in almost a decade; but you will not get a rest if you insist on laying aside the great supply bills to run this Government and put ahead of them and insist upon the passage of this infamous piece of legislation that will impose on the American people an additional burden of \$875,000,000. So we see, as the distinguished Senator from Arkansas has pointed out, the chairman of the great committee having this bill in charge asking for the adoption of an extraordinary motion—that we shall have no morning hour; that when we recess we shall start on the consideration of this bill the first thing to-morrow; that supply bills may wait; that the distress among the farmers in the great Middle West may continue; that all the legislation may be ignored which the American people have been promised, and which the President of the United States only last week appealed to Congress to pass.

Oh, it was an extraordinary political message that he delivered. He was answering, in part, the voice of the American people as expressed last November. He was trying to still the tide that is continuing to surge over this country. He knew of—and I am glad that he had read—the report of the Joint Commission on Agricultural Inquiry, which for months and months and months labored, calling in from every part of the country the representatives of the farming interests, obtaining from every avenue statistics to show the condition and needs of the farmers in every part of the country; and this commission, nonpartisan as it was, was trying to do something for the farmers, seeing that the things which they needed and which were necessary to carry on their occupations were costing so much and increasing in price, while the price the farmers received for their products was going down, made certain recommendations. Among them was the creation in the Federal land bank system of an agricultural credit system, in order that the farmers might borrow for three years, if necessary, money with which to operate. For almost a year that matter has been before the Congress. We have not heard a whisper from any part of this Government urging us to pass it; but when the farm bloc and the American farmer became aroused then it was that the President incorporated in his message the sug-

gestion that this was a splendid piece of legislation, and that it should be enacted into law.

The ideas as expressed in that bill will be enacted into law. It will be enacted into law during this session of Congress. I do not care with what enthusiasm you start out on the ship subsidy bill; I do not care how unanimous you may be for it on the other side of the aisle, a motion will be made, even if I have to make it myself, under the rules of the Senate, and you will be put on record to say by your votes whether you would rather continue the consideration of the ship subsidy proposition giving to the Shipping Trust this special privilege of \$875,000,000, at the expense of the American taxpayer, or take up an agricultural credits system that will help the farmers of the great Middle West and Southland of this country. So make up your minds now what you are going to say by your votes and how you are going to respond to your constituents, who need help more than the Shipping Trust needs it.

When this motion is made, to which you will have to answer, another motion will be made, even if I have to make it myself, and then we can see in this body who are the friends of the great western country and who are the friends of the Shipping Trust who are seeking to gouge the American taxpayer by increased taxes through subsidizing the Shipping Trust; and that is the bill that was reported out of the committee months and months ago, and which has silently slept, and no hand has lifted it up, no voice has been raised to create enthusiasm in the American Congress to pass it—the McNary irrigation proposition.

You men from the West bear in mind, now, that a motion will be made to proceed to the consideration of that bill, which means so much for the reclamation and the irrigation of the great western country. You will be called on to vote, and you can take your stand on whether or not you are going to vote for the shipping interests of the country, that for years have gouged the American shippers in high, conscienceless, and extortionate rates, enriching themselves at the expense of the American shippers, that you now seek by this bill further to perpetuate in their riches by subsidies that will increase the burdens on the American people. The West must answer; their representatives in this body will be called on to respond; so I am unwilling to start out in this proposition by seeing this exceptional motion made that when we have concluded the deliberations of to-day we shall recess until to-morrow.

I submit, Mr. President, that the motion is not now in order. It will be in order when we get ready to recess or adjourn this afternoon. When the motion to recess is made, a motion perhaps will be made to adjourn, so that the orderly business that is on the calendar can be passed if there is no objection made, and so that this Congress can at least give some relief to the American people, rather than to constitute itself a citadel for the protection of these gouging shipowners whom we saw increase the rates from 1914 on through the years until in some instances they had reached 2,000 per cent.

I make the point of order against the motion made by the Senator from Washington.

Mr. FLETCHER. Mr. President, I hope the Senator from Washington will not press his motion. If a point of order is raised, it would involve a motion to adjourn, and that would have precedence over a motion to take a recess. But the Senator will not gain any time of any consequence if we take a recess. If we adjourn until to-morrow at 12 o'clock there will be morning business, which probably can be disposed of in 15 or 20 minutes, and probably there would not be a delay of more than 20 minutes involved between a recess and an adjournment.

If a recess is taken it will have all the appearance of forcing and crowding unnecessarily and unduly the consideration of the pending bill. A number of Senators on this side have stated to me that they not only desire to hear all the discussion and the debate regarding the measure, considering it to be of great importance, but that they themselves wish to discuss the measure and for the first time this morning they have been advised of the character of the bill. They have not yet had an opportunity to read the reports on the bill or to read the bill and the amendments which have been reported to it and it seems to me to be seeking to unduly crowd things to ask that the bill shall be kept constantly before the Senate every minute until it is voted upon. It is due Senators who wish to be thoroughly advised regarding the merits of the different proposals involved in the bill that they shall have an opportunity to consider it.

It is true the measure was introduced last April in both Houses of Congress but the proposition now before the Senate is entirely different from the bill as originally introduced in this body and as originally introduced in the other body. The

bill as it was finally acted upon in the other body is entirely different from the bill then referred to the Commerce Committee as having passed the other body and the bill reported by the committee is entirely different from the measure which went to that committee.

Those are all matters Senators are entitled to know about and to have a few hours at least to consider before they are pressed into either discussing or voting upon the bill. I submit that it would be unnecessarily crowding the measure now, and depriving Senators of the proper time to consider and reflect upon and study what is involved in it, to call upon them either to debate or to vote upon the various propositions involved.

I say again that this morning for the first time the bill was laid upon the desks of Senators, with the amendments proposed by the Commerce Committee. For the first time this morning the majority report and the minority views are upon the desks of Senators. They have not had time to read either. Yet it is proposed now that the Senator from Washington shall explain the bill from his standpoint, and then that we shall recess so that we will be obliged to take it up the first thing in the morning.

I submit that the Senator ought to be willing that we adjourn to-day and meet at 12 o'clock to-morrow, and that there is not enough involved in the mere saving of time by recessing to justify this attempt to unduly press and crowd the Senate into the disposition of the measure. If the Senator insists upon his motion, I shall have to move an adjournment, which would take precedence over his motion to take a recess.

Mr. McKELLAR. Mr. President, I hope the Senator from Washington will withdraw his motion. This is a very important measure, and it is going to be considered by the Senate. We might as well make up our minds to that. It is going to be debated, it is going to be debated fully, and it is going to be debated freely. We all might as well understand that.

I think upon reflection the Senator will feel that we should not be asked to go into a continued consideration of a bill we have not had time to go over, without any explanation having been made or offered about the bill, before the bill has been read.

Those of us who are not on the committee and have been very busy on other things have not had time to go over it as fully as we should, and we want to go over it. I am engaged in that matter now, speaking for myself, and I am sure the Senator will not gain any time for his measure by forcing his motion. I hope he will withdraw the motion. I can assure him he will not gain time. I can give him the assurance that he will lose time if he insists upon the motion.

Mr. JONES of Washington. Mr. President, I desire to say to the Senator that that has no effect, as far as I am concerned. But I do want to say that it is not the intention, of course, by taking the recess proposed, to cut off consideration of the bill. I did not expect to do that; I knew I could not do it; and I have no hesitation in saying now that if no one were ready to speak to-morrow and Senators should ask that the bill go over until the next day to give them time to make preparation, there would not be any objection to that. The only idea is to follow the course we usually adopt in reference to a measure of such importance. We know how often time is taken up in the morning hour, I do not like to say unnecessarily; yet Senators know it is. That is the only reason why I made the motion.

We have disposed of the morning business to-day. Possibly there would not be very much time taken up to-morrow in routine business, and possibly in 15 or 20 minutes we could get the bill before the Senate. The Senator knows that matters of that kind are always permitted to come up by unanimous consent. If a Senator wanted to introduce a bill or present a petition or submit a report, no objection would be made. The only purpose of this motion is to enable us to start out to-morrow with this bill before the Senate. Of course, we all know that that would not prevent Senators from talking about any matter they desired to talk about. Possibly it would not gain any time; it certainly would not deprive anybody of any opportunity to discuss this measure or any other measure he desired to discuss.

Mr. STANLEY. Mr. President—

The PRESIDING OFFICER. The present occupant of the chair is ready to decide the question of order raised unless Senators desire to be heard further upon it.

Mr. STANLEY. Mr. President, the motion that this bill, palpably promoting the shipping interests of the country in behalf of a few men disposed to get rich operating ships, should take precedence over great supply bills, admittedly in the interest of all the people, is most instructive, not only on account

of its vital relation to the people in so far as this bill is concerned, but because it marks a great change in our attitude toward legislation.

How far, oh how far, have we drifted in a few short years! When I look back over the dim vista of the past, and see through the lapse of a century the twinkling of a faint light that once illumined the paths of all patriots and all parties, I am filled with regret and almost with despair.

I have read somewhere, or heard it read—I do not want to be too sure in quoting these forgotten and musty documents, long since thrown into the limbo of things that were; but somewhere, at some time, it strikes me there was once a patriotic soul who wrote what at the time was a rather conspicuous and illustrious document, about which I have read, or heard somebody read—I will not be too sure—strange as it may seem to us, inexplicable as it may seem to us, he said certain things which at that time were considered aphorisms. For instance, he talked about "equal rights to all and special privileges to none."

Mr. BORAH. Who was that?

Mr. STANLEY. Oh, do not ask me. Poor deluded soul, he is dead. Now, we know how asinine was such saying, how silly for the Government to talk about equal rights to all and special privileges to none. Now we know that a wise Government provides special privileges for all and equal rights to none.

The purpose of this Government is to give any organization, any clique, any combination that is strong enough, a good, wholesome graft on the Federal Treasury, and it is the privilege of these poor, disorganized creatures who do not belong to any organization, who do not affiliate with any clique, who are simply citizens, to be plundered, to be plucked, to be forgotten, to be despised.

That same strange man, who is dead, sleeps now out on a mountain side in Virginia. They carved upon his tomb, at his own request, not what the people did for him, although they made him governor more than once, a leader of the legislature, a minister to France at a most crucial hour, a Secretary of State, a Vice President, twice a President, and, like those "sceptered sovereigns who still rule our spirits from their urns," this mighty man dominated the destinies of America for a quarter of a century. But now, alas, notwithstanding these somewhat remarkable performances, he is dead and forgotten.

On one occasion he wrote an instrument which at the time was actually read by the people generally and adopted by this country. We hold a sort of a holiday in commemoration of the adoption of that strange document, in which—think of it, my fellow Senators—he actually said that men were endowed by their Creator with certain "inalienable rights" to life, liberty, and the pursuit of happiness, and that all governments were instituted among men, not to confer, not to restrict, not to deprive, but to preserve those rights; and he held it actually to be self-evident, he did not need to prove it, that the only province of any government on earth was simply to see that individuals, men—because they were created a little lower than the angels—yea, higher than the angels, for they who come up through great trials and tribulations are above cherubim and seraphim, men clothed with no other majesty than their naked manhood, dependent upon no political combination, identified with no clique or combination, supported by no organization—just men and citizens—that they had rights given them by God, not by government, and that it was not the province of any government on earth to invade them. He went further in his strange document and said that whenever any government on earth imperiled those inalienable and God-given rights it was the province and duty of that people to destroy or to change that government.

That was the idea which subsisted 100 years ago, before we learned that the province of government was to supply special privileges to all and equal rights to none, before we learned from Prussia, before we learned from the dead and buried autocracies of the past, that individuals had no rights which a coterie of self-constituted censors and uplifters might not imperil and destroy. And now to cap it all, to prove it all, to establish it all, to bury Jefferson and the Declaration of Independence and all that they stood for who believed in the rights of men and the duty of government to attend to all men's business before it attended to a few men's profits, the chairman of the committee proposes here that our duty to all the people, bills that affect all the people, shall be laid aside, unless we agree by unanimous consent to consider the public generally, in this effort to foster the fortunes of a handful of avaricious, profiteering millionaires. Do it if you will, and then let some Senator for consistency's sake ask unanimous consent that in the future we cease to celebrate the Declaration of Independence, and on the

Fourth of July let the banners flaunt, let the guns boom, let the trumpets resound, let the multitude rejoice, let glad orators proclaim a new era when special privilege has the right of way in the Congress of the United States.

The PRESIDING OFFICER (Mr. McNARY). The Senator from Washington [Mr. JONES] has moved that when the business of to-day is concluded the Senate shall take a recess until to-morrow. The Senator from Mississippi [Mr. HARRISON] has raised the point of order against the motion that it is not now in order. The present occupant of the chair, under Rule XXII, takes the same position as the Senator from Mississippi, and declares that the point of order is well taken.

Mr. JONES of Washington. I ask unanimous consent that the formal reading of the bill may be dispensed with.

Mr. FLETCHER. I object. I think the bill should be read in full.

The PRESIDING OFFICER. Objection is made by the Senator from Florida.

Mr. FLETCHER. Let us have the bill read, and the report read, too.

The PRESIDING OFFICER. First the bill will be read.

The reading clerk read the bill.

Mr. JONES of Washington. Mr. President, I do not desire to delay the consideration of the bill, but the Senator from Florida [Mr. FLETCHER] coupled with his request the reading of the report. He is not present, and I do not want to take any advantage of his absence.

Mr. ROBINSON. The Senator from Florida stated to me before going to the restaurant for a few minutes that he desires to have the report read.

Mr. JONES of Washington. He announced that as a part of his request. So I suppose the report will have to be read.

The VICE PRESIDENT. The Secretary will read the report.

The reading clerk read the report, as follows:

AMEND AND SUPPLEMENT THE MERCHANT MARINE ACT, 1920.

[Senate Report No. 935, Sixty-seventh Congress, fourth session.]

Mr. JONES of Washington, from the Committee on Commerce, submitted the following report, to accompany H. R. 12817:

The Committee on Commerce, to whom was referred the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report favorably thereon with the recommendation that the bill do pass with the following amendments:

On page 3, line 15, after the word "sell," strike out the word "such"; and after the word "vessels," in the same line, add the following: "operating on routes established by the board prior to the enactment of this act."

Page 3, line 16, after the word "who," insert "in the judgment of the board."

Line 24, after the word "sales," insert the words "and its assignment."

Page 7, line 8, after the word "appliances," insert the following: "Provided, That this section shall not apply to the construction or equipment of vessels by corporations or individuals primarily for the purpose of transporting their own products."

Page 8, strike out lines 3 to 16, inclusive, and insert in lieu thereof the following:

"Sec. 24. That all mails of the United States shipped or carried on vessels shall, if practicable, be shipped or carried on vessels documented under the laws of the United States which are not ineligible under subdivision (c) of section 406 of the merchant marine act, 1922, to receive compensation under Title IV of such act (hereinafter in this section referred to as 'qualified vessel'). No contract hereafter made with the Postmaster General for carrying mails on qualified vessels shall be assigned or sublet, and no mails covered by such contract shall be carried on any vessel not so qualified. No money shall be paid out of the Treasury of the United States on or in relation to any such contract for carrying mails on qualified vessels when such contract has been assigned or sublet or when mails covered by such contract are in violation of the terms thereof carried on any vessel not so qualified."

Page 9, strike out lines 5 to 25, inclusive.

Strike out all of pages 10, 11, 12, 13, 14, 15, 16, and down to and including line 21 on page 17.

Page 17, in line 23, after the word "Sec.," strike out the figures "203" and insert "201."

On page 19, change sections 204 and 205 to 202 and 203, respectively.

On page 22, strike out lines 20 to 23, inclusive.

Page 23, line 16, after the word "qualified," insert "except after a public hearing."

Line 24, same page, after the word "months," insert a colon and add the following:

"Provided, That no contract made hereunder shall extend beyond a period of 15 years from the date of the enactment of this act."

After the preceding amendment, insert a new subdivision to read as follows:

"(c) The board shall not enter into any contract for the payment of compensation, or increase the rate of compensation fixed in any contract, unless it is satisfied that the amount payable under such contract in any fiscal year, plus the total amount payable in such year under other contracts for compensation, will not exceed the sum of \$30,000,000."

On page 24, line 1, strike out "(c)" and insert "(d)."

In line 7, same page, strike out the words "authorized to be" and insert the word "permanently."

Line 9, after the figures "416," insert a comma and add the following: "subject, however, to the proviso to paragraph (c) in section 410."

On page 27, in line 9, strike out the figures "500" and insert "1,000."

Page 34, in line 15, after the word "least," strike out the figures "75" and insert "50."

On page 37, at the end of line 15, after the word "paid," insert a semicolon and the following:

"Provided, That no expenditures shall be made from the merchant marine fund because of any increased compensation granted under the terms of paragraph (c) of section 410 except out of the appropriations made annually therefrom by Congress."

On page 45, after line 25, add the following:

FINAL DETERMINATION OF AMOUNT OF COMPENSATION.

"Sec. 418. The determination of the board as to the amount of compensation to which any person is entitled under the provisions of this title shall be subject to review by the General Accounting Office."

We have made a few substantial changes in the bill as it passed the House.

The exemption provisions contained in sections 201 and 202 have been stricken out because, under present circumstances, no substantial results will be attained under them.

The amount of compensation that may be paid in any one year is limited to \$30,000,000. The Shipping Board estimates that when this amount is reached we will have 7,500,000 tons of shipping privately owned and operated under the American flag, carrying over 50 per cent of our commerce.

The provision in the House requiring specific appropriations from the merchant marine fund to be made annually by Congress has been stricken from the bill. This is vital to its success. One main object of the bill is to bring about the purchase by private parties of the ships owned by the Government. This will require capital which must be secured from banks and those who are willing to invest in shipping securities. This can not be borrowed by proposed purchasers and operators of the ships if there is the least uncertainty of the payment of the compensation provided in the bill. By reason of the changing of the political complexion of Congress, and because of the bitter opposition to aid of this kind to shipping, no man would loan his money upon security of this kind, and thus one of the great purposes of the bill would be defeated. The committee does recommend an amendment preventing any money from being paid out of the merchant marine fund to increase the compensation provided in any contract except under a specific appropriation by Congress for such purpose. This, we believe, is as far as we should go in this direction.

We provide that no contracts for compensation shall extend beyond 15 years from the enactment of the law. It will take from 3 to 5 years to get all the good ships of the Government into private hands, and so under this limitation a large part of the compensation contracts are not likely to run more than 10 years. We will have a permanent merchant marine in that time or we will know what is needed further to secure one or that we can not have one.

The other changes in the bill are of a very minor kind.

The substantial objections to the bill are summarized in the minority report of the House committee on this bill. They are urged against it now and concise and specific answers in the same may not be amiss in this report.

1. Without pointing out that the \$3,000,000,000 cost of the Emergency Fleet Corporation's activities included transportation projects, housing projects, plant equipment, shipyards and dry docks as well as ships; that even the expense for ships included the cost of wooden, concrete, and composite hulls, and that such a cost, representing as it does the necessarily extravagant outlay inevitable in the creation during war's emergency of something which should have been provided gradually and without haste in peace time, the point still may be made that there is no real relation between the war-time outlay of the Emergency Fleet Corporation and the present measure.

This measure would be necessary and probably would be only slightly modified if we had no fleet at all to-day. Our problem is primarily to provide for the future; the element of salvaging as much as possible from the existing Government fleet is only secondary.

Had we had an intelligent merchant-marine policy prior to the war, we should not have been called upon to build overnight a fleet, for we would have had the necessary ships at a tithe of the expense we incurred during the war for their construction.

Further, from the standpoint of salvage alone, it may be stated that whatever amount is realized from the sale of vessels under a program of Government aid will be greater than we can expect otherwise, as few ships can be sold under present conditions.

The statement made by the opposition that we will give the ships away and then pay \$500,000,000 in subsidies is of course erroneous. We are not giving any ships away, but are selling them, as we must, at the same price at which an owner can buy similar ships anywhere. We will not pay in direct aid, assuming that we sell all the Shipping Board vessels presently active, more than eight or nine million dollars to those ships, plus five or six millions to existing privately owned ships. By the outlay of this eight or nine million dollars we will not only realize from the sale of the active ships but we will end the expensive governmental operation which is now costing us \$50,000,000 annually. In other words, we will save \$40,000,000 a year and will cover into the Treasury the proceeds from the sales of these active ships. Whatever else we pay will be conditioned on the creation in American yards of new and desirable vessels.

2. Construction loan fund: The provisions in the present bill are only a modification of the construction loan fund in the act of 1920. The present bill makes this available as it accrues instead of limited to \$25,000,000 a year. As modified in the House, a minimum rate of 4 1/2 per cent has been fixed. This fund will be necessarily limited in its application and will apply particularly to aid the construction of especially costly and desirable types of vessels or the reequipment of existing vessels with pioneer types of machinery. Its provisions therefore are in no way analogous to the farm loan act.

3. Tax exemption: This is only a half truth. For a limited time, eight years, shipowners are exempted from the payment of taxes upon profits made by ships in foreign trade provided the amount of tax so waived is invested, together with an equal amount of the owner's private capital, in new construction, or is set aside in trust for such purpose. In other words, to secure this exemption the shipowner must double the amount exempted and invest it in American-built ships.

Similarly, for eight years, profits from sales of pre-war ships (built before January 1, 1914), are exempt from tax provided the entire proceeds from the sale are invested in new tonnage built in American yards and of a type approved by the Shipping Board.

4. Freight rates: Contrary to the above statement being true, the entire basis of the proposed bill was that of cheaper ocean freight rates for American products. The great keynote was the guaranty of ade-

quate transportation. In almost every argument on the subject the chairman of the Shipping Board and others pointed out the greater cost of an uncertain transportation system. In depending on foreign bottoms our farmers and manufacturers may enjoy reasonable rates during normal times, but the moment abnormality enters their adequacy of transportation is interrupted and rates go sky-high. If carriage can not be obtained at any price or only at prohibitive rates, it is obviously the most expensive transportation conceivable. With adequate American tonnage in normal times American ships would have to meet foreign competition and thus rates would be held at a reasonable level; and in abnormal times, by governmental control or otherwise, the permanent services should be insured against disruption.

It is impracticable to control freight rates in the foreign trade charged by the American ships where similar control can not be exercised over their competitors. The bill does provide for most careful control of freight rates by the Shipping Board on vessels engaged in interstate commerce ships restricted to American flags.

5. Term of the contract: The 10-year period of the contract in no way prevents a repeal of the act by subsequent Congresses. It does give a guaranty for contracts that may have already been entered into, because without such guaranty it would be unsafe for any company to enter into contracts requiring heavy commitments whose duration was based upon the political complexion of the Government. In adopting the 10-year basis the Shipping Board is only given powers which have heretofore been granted to the Post Office Department, as, for example, in the ocean mail act of 1891, which authorized the Postmaster General to contract for a period up to 10 years for the carriage of mails.

6. Permanent appropriation: The objected-to requirement has been changed in the bill as it finally passed the House, and the Shipping Board will have to appear before Congress and obtain appropriations. While it is questionable whether this will not in a large measure defeat the purpose of the bill, this change nullifies the minority's objections.

7. Powers conferred on the Shipping Board: The merchant-marine problem is a large problem. Some organization must exercise large powers with respect to it. Congress created the Shipping Board to further the interests of the merchant marine. The minority might advocate the location of the vested powers elsewhere than in the Shipping Board, but it can not do away with the number and extent of responsibilities that some organization in the Government must exercise. Under the existing law that organization should be the Shipping Board.

8. Report by Shipping Board: In the organic act creating the Shipping Board, the shipping act of 1916, section 12 requires that the board make an annual report to Congress on the 1st day of December each year, which shall include a summary of its transactions. The drafters of the bill felt that this would apply to all subsequent duties imposed upon the board and did not believe it necessary in each piece of legislation to include a provision that the board should specifically report upon it. It may be pointed out that the merchant marine act of 1920 contains no provision as to a special report; indeed, its provisions have always been duly noted in the annual report of the board. In addition to this, all Members of Congress are well aware that a Government organization is always subject to the wishes of Congress, and even individual Congressmen, as to the furnishing of information. Volumes have been printed of testimony at hearings before various congressional committees concerning the work and transactions of the Shipping Board.

However, to remove even an erroneous supposition there has been inserted a clause requiring specifically the report referred to.

9. Salaries of executives: While it is true that salaries of the executives in the shipping industry, as in all other industries, are higher than the governmental standard, it is not true that these are high in proportion to the size of the enterprise and the amount invested therein.

There are literally thousands of employees in industry all over the country earning annual salaries ranging from \$25,000 to \$100,000 per year, and in some instances more than the latter amount; and yet the Government hesitates to pay \$25,000 per annum to the best available and most experienced practical shipping men who are conducting for the Government the operation of the largest fleet and one of the greatest enterprises in the history of the world.

As to the statement that no large salaries are paid in Great Britain, with few exceptions, the statement is incorrect in general, and where, in the case of certain tramp lines, it is true, it is because of the peculiar organization of such companies where the stockholders are really bondholders, and the executive staff hold all the common stock and receive, instead of large salaries, the greater part of their remuneration by retaining all profits after the modest interest of 4 to 6 per cent has been paid upon the debentures.

10. Compensation to industrial carriers: As passed in the House, the bill does not grant direct aid to any industrial carrier where such carrier is engaged in transportation of its own products. This change nullifies the minority's objection. The change, however, is not sound from the standpoint of the best interest of our merchant marine. If the purpose of the bill were in any way to insure a profit to shipowners the point might be taken that the great industries, as the oil companies, the steel companies, and the fruit companies, who chiefly own their own carriers, were in no need of aid, although it should be carefully noted that profits earned by these companies are earned on their shore properties and probably in no way flow from their maritime holdings.

However, the bill is not to guarantee nor to insure profits. The bill is to encourage companies to invest in ships built in American shipyards, registered under the American flag, and manned by American crews. Under existing laws there is nothing which prevents these companies from securing their vessels in the cheapest markets, operating them with the cheapest crews, and flying over them such flags as they see fit. It is natural that since we wish to encourage American capital to invest in American ships we should be particularly anxious that the industrial companies so invest, since they are by far the greatest individual shipowners.

Before the war practically all the above-mentioned groups had their ships under foreign flag. One of the first acts passed by our Congress after the outbreak of the World War was that passed August 18, 1914, permitting the transfer of these American-owned foreign-flag vessels to American registry. By so moving we secured to the American flag 160 vessels, most of which were under the British flag. Had Great Britain issued a requisition order immediately on the outbreak of the war, as she did subsequently, the transfer of these vessels would have been impossible. As it was, those which were under the German flag were interned for the period of the war.

Denial of aid to the industrial companies whose ships cost just as much more to build in this country, whose wage differential is just as great, and who are just as free to employ foreign-flag ships as any

other American owner, will result in these companies seeking transfer of their existing ships and securing their future additions abroad and operating them under foreign flag. This is shown in the policy followed since the war by the United Fruit Co., which has added since the war 11 new steamers to its fleet, all valuable passenger and refrigeration types, but each one built in England and flying the British flag.

The following are the majority reports in the House, one on H. R. 12021, the bill as originally reported, and the other the supplemental report on H. R. 12817, this bill:

[House Report No. 1112. Sixty-seventh Congress, second session.]

Mr. GREENE of Massachusetts, from the Committee on the Merchant Marine and Fisheries, submitted the following report to accompany H. R. 12021.

The Committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 12021) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report thereon with the recommendation that it do pass with the following amendments:

Page 24, line 14, strike out the following: "and for the purpose of section 206."

Page 26, strike out lines 15 to 25 and lines 1 to 4 on page 27, and insert in lieu thereof the following:

"(5) Carries a crew (exclusive of licensed officers required by law) at least two-thirds of which are citizens of the United States, and the remainder of which are individuals eligible to United States citizenship. During the first year after the enactment of this act the required number of citizens of the United States shall be one-half instead of two-thirds; and, during the second year, six-tenths instead of two-thirds. In the case of passenger vessels the provisions of this paragraph shall apply only to the deck and engine departments. If the vessel is deprived of the services of any member of the crew by desertion, casualty, or other cause beyond the control of the master, in any port outside of the United States or on the high seas, the right of the vessel's owner to compensation, during the period prior to the next arrival of the vessel at a port in the United States shall not be impaired by failure to comply with the provisions of this paragraph, provided the owner and master of the vessel exercise reasonable diligence to procure the necessary individuals to comply with such provisions. If the vessel is outside the United States at the time of the enactment of this act, or on the first day of the second or third year after the enactment of this act, the owner shall not be required to comply with the provisions of this paragraph applicable to such year until her first arrival at a port in the United States, if he complies with the provisions of this paragraph applicable to the previous year."

Page 53, line 22, insert at the end of the line the following: "unjust discrimination between ports of the United States or commerce accustomed to move through such ports, or in."

The following statement is divided into three parts, as follows:

Part I.—General consideration.

Part II.—Synopsis of the bill.

Part III.—Discussion of important features of the bill.

Part I.—General considerations.

HISTORY OF THE BILL.

On February 28, 1922, the President delivered to a joint session of the Senate and House of Representatives his memorable message on the American merchant marine.

On the same day Senate bill 3217 was introduced by Senator JONES of Washington, chairman of the Senate Committee on Commerce, and H. R. 10644 was introduced by Mr. GREENE of Massachusetts, chairman of the House Committee on the Merchant Marine and Fisheries. These were identical bills.

An arrangement for joint hearings was entered into between the Senate Committee on Commerce and the House Committee on the Merchant Marine and Fisheries. Sessions were held beginning on Tuesday, April 4, and continued practically without interruption daily until Friday, May 19. During this period of 45 days the whole program of proposed legislation was gone into most exhaustively, 35 witnesses being heard and cross-examined. It is noteworthy that of this number 28 appeared generally in favor of the proposed legislation, while only 7 witnesses appeared in opposition.

The record contains references to a total of nearly 200 resolutions passed by commercial, civic, and labor organizations indorsing the principles of the proposed bill and only 8 in opposition thereto. Of the latter, a number indicated only qualified disapproval, based on certain features of the bill H. R. 10644. These features have been, as far as practical, modified in H. R. 12021 in the endeavor to meet the objections thus expressed. The indorsements show that the interior States, which in past years have shown little interest in development of the American merchant marine, are more interested in the present measure than even the States on the Atlantic and Pacific coasts.

An elaborate opening statement was made by Chairman Lasker, of the Shipping Board, which appears in the record beginning at page 2. This statement your committee recommends to the serious consideration of those Members of Congress who would like to review an authoritative and comprehensive statement and analysis of the problems affecting the United States Shipping Board and the American merchant marine.

The bill upon which this is a report (H. R. 12021) is based upon the general principles contained in H. R. 10644, taking into consideration the voluminous record of the joint hearings and the facts brought out therein, and of such other facts and data as have been adduced at previous hearings and in studies relating to the vital problem of the successful and permanent establishment of an adequate American merchant marine.

NEED OF A MERCHANT MARINE.

Little time should be spent in arguing for the imperative necessity in war as well as in peace of an established and well-balanced national merchant marine. The enlightened statesmanship of every progressive nation having access to the sea strives for this as a desideratum for national security and national welfare. Those impractical theorists who are willing to see the bulk of our foreign commerce carried under the flags of other nations must also be willing to rely upon combatant ships and naval auxiliaries of other nations for the protection of our shores and our foreign trade in time of war or national emergency.

The President in his message well stated the necessity of the merchant marine from the standpoint of international trade and international safety when he said, "We can not hope to compete unless we carry, and our concord and our influence are sure to be measured by that unflinching standard which is found in a nation's merchant marine."

It is a well-recognized fact that the countries having large merchant marines have an advantage in international trade. This is due chiefly to the fact that ships are not only a necessary facility of foreign trade, but that they are one of several interrelated agencies that cooperate in making foreign trade successful and profitable. International commerce on a large scale under the present conditions of competition requires a world organization of industry, trade, and shipping. This organization begins with manufacturing and includes merchandizing, international banking, marine insurance, ship brokerage, freight forwarding, and the construction, ownership, and operation of vessels. When this interrelating organization has been completely developed, as it has been by the people of Great Britain, foreign commerce can be carried on under the best of conditions. If shipping under the national flag is absent from the organization, or negligible in amount, the organization is ineffective. Shipping under the national flag and an adequate tonnage of vessels of different types are an absolutely essential part of the trade facilities and organizations for world-wide commerce.

The United States has long since ceased to be a self-sufficient nation.

Without the sale abroad of our surplus annual production, estimated at 25 per cent of the total, many of our farms would have to be abandoned, factories closed down, hundreds of thousands thrown out of employment, all resulting in national retrogression and inevitable decay.

We can not depend upon the vessels of foreign nations to carry our surplus products to market because when we most need them they fail us. Foreign-flag ships are, of course, most anxious to carry our goods to market in ordinary times, and to collect and retain and carry abroad the fabulous amount involved in international carrying trade; but the purpose of fostering a national merchant marine is to have it available for national purposes in national emergencies; and the moment such a national emergency occurs the ships of foreign nations are immediately subjected to war-time orders by their own Governments, the sea lanes and carrying trade of the entire world are completely disarranged, and the nation with goods to export that must needs rely upon foreign-flag ships to carry its surplus finds itself in a sorry plight.

History affords abundant illustrations of such national predicament. We need only refer to the most recent example of international trade confusion caused by the Great War, in which our powerful Nation found itself in the humiliating position of being obliged to rely almost entirely upon foreign-flag ships for the carriage of our commodities. We were dictated to as to what goods would be carried, how, and when, and we saw countless millions of dollars of our surplus production stacked up along the railroads and on the wharves and docks, deteriorating and rotting. Such goods as were carried for us were carried at fabulous and excessive rates of freight.

The opportunity, born of conditions the result of the Great War, is here. Should we for any reason fail to take advantage of it, we shall deserve, and will surely have, the condemnation and censure of coming generations.

OUR PRESENT SITUATION.

The situation to-day is different from that obtaining on any previous occasion on which the question of aid to shipping has arisen. In other days, if the people decided that they did not wish a merchant marine, such decision settled the matter for the time. To-day it is not a question of whether we wish a merchant marine or not, for we have a merchant marine. It is not a question of subsidy or no subsidy, because to meet the Government's loss of \$50,000,000 a year in the operation of our merchant marine the people are being taxed far beyond what would be needed were the ships brought into efficient commercial operation.

The question is, What shall we do with the fleet that we have, so that, with the least cost to the taxpayers, that fleet may be made of the greatest use to the country as a whole, both in peace and war? The alternatives are plain. Either make it possible for private enterprise to take this nucleus which we now have and add to it until it becomes a great and efficient entity, an American merchant marine, or refuse the relatively slight amount of aid necessary therefor and continue at a great expense the inefficient method of Government operation until the ships are worn out.

The purpose of Government operation, as clearly outlined in the merchant marine act of 1920, was that the Government might build up its trade routes until purchasers could be found ready to take over the ships upon established routes and with that necessary element, the good will of the shippers. Unfortunately, this policy has to a great extent worked to defeat its own purpose, for in the upbuilding of those routes the Government has operated ships, and in the operation of the ships has driven its potential customers off the seas. When a private American shipowner is competing with a private British shipowner, with all the handicaps under which the American owner suffers, his competitor is at least bound by the limitations of a finite capital. His resources are not endless, and he can not forever compete in a losing trade. When an American shipowner has to compete with his own Government, however, he has not only the foreign competitor but at the same time has in the field a competitor whose resources are, comparatively speaking, limitless. The result can not be in doubt. Continuation of a marine part Government owned and part privately owned simply means that the private owners will be driven out of business.

DISADVANTAGES OF GOVERNMENT OPERATION.

In some quarters there might be found those who would advocate this policy with a view to complete Government ownership and eventual direct operation of the ships. Such a policy would be more ruinous than the present system of governmental operation through agents, even though the Government in its bookkeeping can neglect many factors of cost for which the private owner must provide.

Successful Government operation, directly or indirectly, is an impossibility. Restrictions imposed by Congress upon salaries, methods, and policies, the pressing demands from varying sections of the country, prompted more by local interest than by a realization of the needs of the country as a whole, the limitations upon responsibility, and the fettering of initiative make governmental operation unthinkable where it is to be brought in competition with the operation of other ships not similarly handicapped.

In the Post Office, in the Army, or in the Navy Government ownership can prevail, because a monopoly is created. Even in the railroads, if the Government adopted a policy of State ownership, it could at least create a monopoly. With shipping it is entirely different. Our governmental merchant marine must ever be in free competition with the privately owned shipping of other nations of the world. No monopoly can be created either to bring efficiency to life or to

remove any comparative standard of its inefficiency. In the competition between Government ownership on the part of our Nation and the initiative and sense of responsibility concomitant with private ownership in other nations the fettered State-owned ships are foredoomed to failure.

These are demonstrable facts and present records bear them out. It is our object to carry the greater part of our commerce in vessels flying our flag, and by law the operation of Government ships is with a view that ultimately they shall be sold to private owners. At present, in spite of the most efficient operation that is possible under the limitations imposed upon the Shipping Board, we are not attaining the carriage of the greater part of the various forms of our commerce, and what we are carrying is chiefly due to the efforts of the Shipping Board and only achieved at tremendous loss. Were the board ships removed from the seas, we would lapse almost immediately to our pre-war standard as a maritime nation.

PROPORTION OF OUR TRADE CARRIED.

Our exports to overseas continents, excluding trade with the near-by West Indies and Central America, are now slightly more than three times our imports. Of these exports, foreign ships carried during the year 1921 an average of 71 per cent, while the American ship carried but 29 per cent, and only reached this figure by virtue of the large amount of coal exported in American ships during the British coal strike.

For a recent normal month foreign ships carried 76 per cent of our overseas exports, leaving 24 per cent to be carried in American ships. This 24 per cent measured our success in competing against foreign nations for the carriage of our products to the markets of the world. Of the 24 per cent, 19 per cent was carried in Shipping Board vessels and 5 per cent by private owners.

To carry this 19 per cent of our commerce costs the taxpayers of the United States \$50,000,000 annually in direct operating loss. This does not take into account deterioration of the fleet, it does not include hull insurance, and it does not allow interest on actual or assumed investment. Worst of all, it is not providing for the future, for the Government will not again embark upon a campaign of shipbuilding, and the private owner can not build new ships of the types we need as long as he must meet not only his heavy operating costs but at the same time the competition of his Government.

Thus we come to the conclusions from which there can be no escape, that since Government operation itself is impossible and builds nothing for the future, since its continuance means the elimination of private operators, a method must be devised whereby the Government shall end its operation and the accompanying heavy losses by the sale of its fleet to private owners, as directed by the merchant marine act of 1920.

NEED OF AID TO SELL SHIPS.

At the present time there is, by and large, no market for our vast tonnage. Compared to the total tonnage built by the Government, practically no tonnage has been disposed of. After thorough consideration in January last the Shipping Board decided to sell its tonnage at world-market prices; and on its steel freighters, after careful investigation, it found this to be a minimum of \$30 per ton for the best tonnage. So difficult is the situation for an owner of American tonnage to-day that even at these prices it has been able to dispose of but 100,000 dead-weight or 65,000 gross tons. Nor can we see any great hope of disposal of an appreciable part of the total tonnage we have unless, through Government aid, the difference between the cost of our operation and that of the foreigner is provided for, and thereby automatically the competition of wasteful Government operation removed.

By the extending of a moderate amount of national aid the maintenance of adequate American service under private ownership can be insured and the Government's heavy loss can be ended. Only by making private operation profitable can the Government find a market for its own tonnage. With such aid we can promptly dispose of our salable ships for private operation, get rid of our worthless tonnage and an annual operating loss of \$50,000,000, give our people a better and more assured service on the seas than America has ever enjoyed heretofore, and successfully turn a war-time and war-built enterprise into a great instrument of peace-time profit and peace insurance.

HIGHER COST OF SHIPS BUILT IN THE UNITED STATES.

In normal times American ships cost to build approximately 25 per cent more than do vessels of the same type and size constructed in British shipyards. The reason for this lies almost entirely in the higher cost of labor in American shipyards.

Many years ago most of the materials entering into ship construction—the plates, angles, bars, and frames—were also lower in Great Britain than in the United States. To-day, however, on materials such as these, which are susceptible of quantity production, the advantage lies on this side of the water. For this reason previous measures admitting shipbuilding materials free of duty have not been of serious advantage in lowering the cost of an American ship. Items of equipment, in whose construction there is a great deal of labor still, are more expensive in the United States. Considering this, and also the fact that labor, whose cost constitutes one-half of the cost of the completed ship, receives twice as much in this country as abroad, the reason for the first-cost differential is obvious.

The amount of the first cost of the ship determines the annual carrying charge which the owner must meet. The interest on the money invested, the writing off for depreciation, and the insuring against current risk all are based upon the book value of the ship, which is originally fixed by the first cost. The three together involve an annual charge of from 15 to 20 per cent upon the book value of the vessel or, in the case of a new ship, her cost. If that cost be 25 per cent in excess of a British-built vessel, the owner of the American-built craft must annually set aside, out of the same amount of revenue as that accruing to the British ship, an excess amount ranging from 3 to 4 per cent of the cost of the ship. In the case of a passenger vessel costing in the neighborhood of \$10,000,000 this would amount to a handicap to the owner of an American vessel of \$240,000 to \$320,000 per year. There is no practical way in which this differential can be lowered. It is simply a tax which the shipowner must pay for the privilege of having his ship constructed in the United States.

SHIPS AND SHIPYARDS VITAL TO NATIONAL DEFENSE.

Under present conditions there is no provision preventing Americans from having vessels constructed abroad for transfer to American registry, except that such vessels may not engage in coastwise

trade. Such foreign-built vessels will be free, it is true, from the heavy handicap that American-built craft would be under, but no policy for the general interest of the United States could be more shortsighted than that of letting foreign nations build our ships.

Our shipyards, operating in normal times thousands of artificers, are already threatened with stagnation by the great curtailment of that naval construction which has always been their primary support. If we withdraw from them the chance to build our merchantmen, we will find in some time of bitter need that the art of shipbuilding has been lost to the country, and with it one of our most valuable elements of defense. The ability rapidly to repair damaged war vessels is too vital a national resource to jeopardize; the power of adding quickly in time of war to our fighting fleet is made more than ever important by the peace-time limitation imposed upon that fleet in the interest of national economy and by international agreement.

Indeed, it is a question whether the recent Conference for the Limitation of Armament has not made the possession of a merchant fleet, built in American yards, and manned as far as possible by American citizens, even more important to the United States from the standpoint of national defense than it is from the very vital ground of trade necessity. The commercial ships, as Secretary Hughes said, become important to a country in inverse proportion to the number of her fighting ships. At the hearings before the joint committees Secretary Denby made the statement:

"If we sank every ship of war in the world at this moment Great Britain would rule the world, beyond a question of doubt. Therefore, from the military standpoint, it seems to me that the creation of an American merchant marine is a vital necessity to our country."

The fleet which the American people built as a war-time measure, imposing though it is in number of ships and in total tonnage, is nevertheless of limited value to the country in time of war because of its lack of balance. Only 16 ships of more than 15 knots speed were built by the United States, yet speed in modern warfare is of vital necessity to the auxiliary vessel. The German ships seized in our harbors gave us a number of passenger vessels, but all of them are old and many of them are obsolete. Our fleet, therefore, is sadly lacking in fast passenger ships, one of the most desirable types that a merchant marine can furnish to the military forces in time of war. Great Britain has 262 vessels of this type with speeds in excess of 15 knots.

Even in ordinary cargo ships we have none, or almost none, that are capable of keeping with the battle fleet at sea. Nearly all the Shipping Board cargo ships have speeds of 10 knots or thereabout. Such ships carrying munitions for the fleet would either reduce the speed of the fleet itself to a very low point or would have to be separately convoyed by a large protecting force.

Our fleet is lacking in refrigerator ships necessary to carry fresh meat to feed our sailors or soldiers; is lacking in vessels suitable for transports; is lacking in ships which could be converted to airplane carriers; in fact, is lacking, broadly speaking, in everything except two types—slow-speed cargo vessel and bulk-oil carriers.

There can be no thought of a 5-5-3 naval ratio of fighting ships unless those fighting vessels are adequately supplemented by a commensurate fleet of merchant vessels suitable for conversion to the manifold types of auxiliaries which modern warfare demands. Without such a merchant fleet, whatever the paper strength of our fighting fleet is, its actual potency is measured by the character and extent of its left arm—the merchant marine.

DIFFERENTIAL IN WAGES AND SUBSISTENCE.

The committee had much testimony as to the extent of the wage differential between the crews of American vessels and those of foreign vessels. Apparently conditions at one time obtaining which required American vessels to carry much larger crews than did those of Britain have altered so that for practical purposes to-day the size of the crews is nearly the same. In the wages paid to individuals, and especially those paid the licensed officers, the superior American standard of living again exerts an unfavorable influence upon American owners. Whatever equalizing effect the seaman's act may have in normal times toward establishing an international seaman's wage, it can not affect the pay of the licensed officers, who in almost all maritime nations must by law be citizens. It is in the wage of the officers that the greatest differential exists.

To-day, when there is a great surplus of shipping labor in this country obliged to take almost any wage offered, the differential between the cost of wages of the crew of an American cargo ship and that of a British ship of the same type is approximately 30 per cent of the total cost of wages, or for a medium-sized tramp about \$10,000 a year. At present there is no requirement that any of the crew other than the licensed officers be American citizens, and less than 50 per cent are citizens. The higher wages are set by the higher wage standard of the country, it being axiomatic that wages are set by the standards at the port in which the men are obtained.

The cost of subsistence on board ships under the American flag also reflects the higher national standard of living. Under our statutes an American ship is required to provide food of such quality and quantity that in the cheapest possible markets the cost of the daily ration for an American crew is more than one-third greater than the cost of the British ration. It is for the country a proud boast that its seamen are better paid and better fed than are those of any other nation, but obviously the shipowner can not afford to bear the cost of such pay and of such food while he is competing for cargoes in the world's market against vessels manned by cheaper labor. This higher cost of American labor is felt by the vessel in all the services rendered her in the United States. The cost of repairs is higher here than abroad, yet to maintain our shipyards it must be arranged that all possible repairs are made in home yards. The clerical and supervisory staffs of a steamship company are paid American wages for performing the work which a foreign owner secures for a vessel at the lower rate prevalent in his own country.

All of these higher costs—each of which will be found upon analysis to flow directly from the higher cost of American labor—form an aggregate which has prevented in the past, and will prevent in the future, the unaided operation of vessels built in the United States and flying the American flag. From the days when the metal steamer became practicable until the war the merchant marine of the United States has been declining. This downhill course was reversed at enormous cost to meet our war needs, acute because of our previous neglect. If, however, the underlying causes of that decline are not removed or compensated for, the existing fleet will but prove another starting point for a decline as relentless and continued as that which marked our disappearance from the sea after the Civil War.

THE MERCHANT MARINE ACT, 1920.

The need for intelligent legislation looking to the disposal of the Government fleet and the upbuilding of a private American merchant marine has already been felt; and, it was thought at the time, met by the passage of the merchant marine act of 1920. The lack of results from this act shows clearly that the mere possession of a fleet of ships will not give a country a merchant marine unless it is made possible for private capital to take over and operate efficiently such fleet.

The merchant marine act of 1920, known as the Jones Act, provided generally for a series of indirect aids, the keystone of the structure being preferential tariffs to inure to goods imported in American bottoms.

The greatest disadvantage, outside of added capital charge and added wage and subsistence cost, which American owners must meet in building up our mercantile fleet, is the fact that in overseas carriage, other nations which are securely established in control of trade routes have the volume of business, and American ships must undergo the great initial expense of invading the field and building up that volume.

Fundamentally, the existence of a merchant marine is dependent upon actual carrying of cargo. All privileges, economies, and aids, notwithstanding the ultimate success or failure of a merchant ship, lies in its employment at sea carrying cargo. Then, and then only, does the vessel become a producer. Economy of operation without revenue means nothing. This basic requirement was provided for in the Jones Act and was embodied mainly in section 34.

The hoped-for aid from preferential tariffs was not realized because of the refusal of President Wilson to abrogate those portions of certain commercial treaties with foreign nations which forbade preferential treatment of our ships as against the ships of other nations. After long deliberation and careful investigation, President Harding concurred with President Wilson, and thus both a Democratic and Republican President are in accord that, for the time at least, the provisions of section 34 can not be carried out.

Even if the provisions of section 34 had been made effective the benefits to be derived therefrom would have been only from inbound cargo and on dutiable articles. When it is considered that our imports are approximately only one-third of our exports, and of this portion about 30 per cent dutiable goods only would be affected, it may readily be conceded that these provisions might not have produced the results expected of them.

Other sections of the act of 1920 from which it was hoped our merchant marine would derive aid have proved to be ineffective because of changed conditions or because of unforeseen difficulties. The act alone will not give us our commercial marine, nor aid us in disposing of our State-owned vessels. It is therefore necessary to supplement it, and for this purpose H. R. 12021 has been introduced.

Part II.—Synopsis of bill.

TITLE I.—AMENDMENTS TO MERCHANT MARINE ACT, 1920.

This title consists of amendments to the merchant marine act, 1920, relating to the power of the Shipping Board to sell vessels and to make loans for construction.

SALES.

Section 1 of the bill amends section 5 of the merchant marine act, 1920, relating to the power of the Shipping Board to sell vessels, in such manner as to remove the enumeration of the matters which the board is to take into consideration in fixing the sale price, leaving as the only direction to the board that the sale must be consistent with good business methods and the objects and purposes to be attained by the merchant marine act, 1920.

The amendment also provides that vessels may be sold without advertisement or competitive sale if such action is approved by not less than five of the seven members of the board and if such vote and a full statement of the reasons are spread upon the minutes of the board.

The amendment also provides that interest on the unpaid purchase price must be paid at least annually at a rate of not less than 4 per cent per annum; and, further, that payments of principal shall be so arranged that at any moment of time the amount paid shall be sufficient to cover depreciation up to such time, but the board may waive this latter requirement upon the giving of adequate security. It is further provided that the board in making sales may include conditions as to the use and disposition to be made of the vessels sold.

Section 2 of the bill amends section 7 of the merchant marine act, 1920, relating to the duty of the board to make use of the vessels in such manner as to secure the establishment of necessary routes and providing that preference in the sale or assignment of vessels for operation on such routes shall be given to persons having the support of the domestic communities primarily interested. The amendment consists in the addition of a proviso defining the term "domestic communities primarily interested" as meaning the geographical regions known as the North Atlantic, South Atlantic, Gulf, and Pacific coasts and the regions naturally tributary thereto.

The amendment also provides that for two years after the enactment of the act the board shall not sell vessels so assigned to any person who does not have the financial and other support of the domestic communities primarily interested in the lines. The amendment also adds a declaration that it is the policy of Congress to discourage monopoly, and to that end the board is directed to endeavor in every way to bring about the permanent establishment of such routes and services and their retention, as far as possible, in the hands of persons having the support of domestic communities primarily interested.

CONSTRUCTION LOAN FUND.

Section 3 of the bill amends section 11 of the merchant marine act, 1920, which created a loan fund in which the board could annually set aside \$25,000,000 out of revenue from sales and operation for five years from June 5, 1920. The fund was to be used to aid citizens of the United States in the construction in private shipyards in the United States of the most efficient type of vessels. The amendment establishes a revolving fund of \$125,000,000, to be created out of receipts of the board except appropriations and profits of the board from operation of the vessels; and the fund may be used not only to aid in the construction of new vessels but also to aid the equipping of vessels already built with the most efficient and economical machinery and commercial appliances. The amendment adds a provision that all loans must be repaid within 15 years and that the interest, payable at least annually, shall be at a rate not less than 2 per cent per annum. Loans for construction purposes are limited to two-thirds of the cost of the vessel to be constructed, and loans for equipment purposes are limited to two-thirds of the cost of the equipment or two-thirds of the

value of the vessel when reequipped, whichever is the lesser. The provision of existing law which limited loans to cases where the new vessel was to be operated in a particular service, deemed necessary by the board, has been omitted.

TITLE II.—TAXATION.

EXEMPTION OF EARNINGS IN FOREIGN TRADE.

Section 201 of the bill adds sections to the income tax title of the revenue act of 1921, granting to the owner of a vessel of 1,500 gross tons or more, registered or enrolled and licensed under the laws of the United States, a deduction in computing net income equal to the income derived from the operations of the vessel in foreign trade; but the granting of this deduction is conditioned upon his investment of double the amount of the resulting saving in tax in the building, in private shipyards in the United States, of new vessels of a type and kind approved by the Shipping Board, and to be put under the American flag. This exemption is to last for nine years, beginning with 1921.

A similar provision was found in the merchant marine act, 1920, but was limited to exemption from taxes (now repealed) imposed by the revenue act of 1918. The bill carries out the policy declared in 1920 but contains detailed provisions for the determination of the amount of the exemption and for easier administration.

In case the owner does not build a new vessel before filing his tax returns for the taxable year for which the deduction is claimed, provision is made for the setting aside by the taxpayer in a trust fund, before the making of the return, of an amount equal to the tax saving. The amount in the trust fund, together with an equal amount out of the ordinary funds of the taxpayer, must be invested by him in the building of new vessels in American shipyards within a reasonable time determined by the Shipping Board, and to be put under the American flag. If such investment is not so made the entire amount of tax becomes due, together with interest from the time it should have been paid.

If the taxpayer invests a less amount than as above provided, the amount of his tax saving is proportionately reduced.

EXEMPTION FROM TAX ON SALE OF VESSEL.

Section 201 of the bill also restates, in a form easier of administration, another policy declared in the merchant marine act, 1920. If an American vessel launched prior to January 1, 1914, is sold, the owner may be exempt from tax upon the gain derived from the sale if he invests the entire proceeds of the sale in the building in private shipyards in the United States of new vessels of a type and kind approved by the board, to be put under the American flag. If a part only of the proceeds of the sale has been so invested the amount of tax exemption is proportionately reduced. The same provisions as to the creating of a trust fund are provided as in the case of the exemption of the earnings of the vessels in foreign trade, and it is provided that the new vessel shall be carried on the books of the taxpayer at the cost of the old vessel for the purpose of determining his profit in the case of a sale, and for the purpose of computing his deductions for depreciation.

Section 202 of the bill contains clerical changes in the revenue act of 1921 made necessary by the amendments provided in section 201 of the bill.

DEPRECIATION OF VESSEL.

Section 203 of the bill amends the income tax title of the revenue act of 1921. It provides that, in the case of vessels documented under the laws of the United States, the deduction for depreciation allowed under the income tax law shall be determined under the rules and regulations prescribed by the Shipping Board, instead of by the Treasury Department.

The section also provides that in the case of an American vessel of 1,000 gross tons or more, acquired after the outbreak of the European War and prior to January 1, 1921, there shall be allowed for five years, beginning with 1922, a reasonable deduction for exceptional decrease in value since the time of acquisition, but not again including any amount otherwise allowed by law as a deduction. This deduction is to be determined, and spread over the five years for which allowed, under rules and regulations prescribed by the Shipping Board. At any time before March 15, 1927, the Treasury Department may, and, at the request of the taxpayer, shall reexamine the return, and if it is found that the value on which the deduction was based was wrong or has changed, the taxes for the years affected shall be redetermined and the amount of tax due or overpaid adjusted accordingly.

CREDIT ON INCOME TAX FOR OCEAN FREIGHT MONEY.

Section 204 of the bill adds to the income tax title of the revenue act of 1921 a new section providing that any person making expenditures for the transportation of property in an American vessel in foreign trade shall be allowed 5 per cent of the amount of such expenditure as a credit against the amount of his income tax. The section is so drawn as not to permit this credit in the case of persons transporting property in their own vessels or in vessels of corporations with which they are affiliated to the extent of ownership of more than 50 per cent of stock, nor is it allowed in the case of transactions between two corporations if more than half of the stock of each is owned directly or indirectly by the same interests.

DIRECT AID AS INCOME TO VESSEL OWNER.

Section 205 amends the income tax title of the revenue act of 1921 in such manner as to exclude from gross income the amounts received by a vessel owner as direct aid under title IV of the bill.

TONNAGE DUTIES.

Section 206 provides for the doubling of all tonnage taxes except those payable into the treasury of the Philippine Islands, but excepts sailing vessels, without auxiliary power, of less than 1,000 gross tons, and all other vessels of less than 1,500 gross tons.

TITLE III.—TRANSPORTATION OF IMMIGRANTS BY WATER.

This title provides that as nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in American vessels under regulations provided by the Commissioner General of Immigration with the approval of the Secretary of Labor. Provision is made that the title shall not take effect so as to limit transportation of immigrants in vessels of any foreign country until the President proclaims that the provisions of the title or regulations made thereunder are not in conflict with any treaty with such country. The President is directed to take such steps as may be necessary to remove any such conflict. Whenever, in his opin-

ion, no conflict exists in the case of any country, the provisions of the title are to take effect in the case of immigrants transported in vessels of such country at such time as may be fixed in his proclamation.

TITLE IV.—COMPENSATION TO VESSELS OF THE UNITED STATES.

Title IV creates a fund from which vessels of the United States are to be directly compensated upon entering into a contract with the board and complying with the terms of such contract and the terms of the title.

MERCHANT MARINE FUND.

Section 402 creates a fund in the Treasury to be known as the merchant marine fund. The moneys in the fund are to be comprised of (1) all tonnage duties, tonnage taxes, and light money, as doubled by this act, (2) 10 per cent of all customs duties, (3) the amounts which except for a contract for compensation would be payable for the transportation by vessels of mails other than parcel post, including poundage payments and the moneys payable under contracts made under the mail subvention act of 1891 and sections 7 and 24 of the merchant marine act, 1920, and (4) all excess earnings which are to be repaid by owners of vessels in accordance with the provisions of section 417.

CONTRACT FOR COMPENSATION.

Section 403 authorizes and directs the Shipping Board to enter into a contract on behalf of the United States for the payment of compensation to vessels, with a limitation that the Shipping Board is not required to enter into the contract if, in its judgment, the person with whom the contract is made does not possess ability, experience, resources, and character to justify a belief that the payment of compensation is reasonably calculated to develop the American merchant marine, promote the growth of the foreign commerce of the United States, and otherwise promote the general welfare of the United States. The Shipping Board may not give such refusal unless authorized by an affirmative vote of at least five members of the Shipping Board and unless the vote and a full statement of the reasons for the refusal are made public by being spread upon the minutes of the board. Contracts may run for a period not exceeding 10 years and shall provide that the payments of the compensation shall be made at reasonable intervals not exceeding six months. The moneys in the merchant marine fund are appropriated for the purpose of making such payments.

DETERMINATION OF COMPENSATION EARNED.

The computation of the amount of compensation earned by any vessel is subject to the limitation set forth under the following headings:

Speed and tonnage: The amount of compensation is based in part upon the speed of which the vessel is capable.

Regardless of speed the vessel receives one-half of 1 per cent for each gross ton for each 100 nautical miles covered by the vessel; but in addition to this amount power-driven vessels capable of a speed of 12 knots or over when on such draft as the owner may select, are to receive compensation graduated from one-tenth of 1 cent for each gross ton for each 100 miles covered by the vessel if the speed is 12 knots but less than 13, up to 2½ cents for each gross ton for each 100 miles covered by the vessel if the speed is 23 knots or over (sec. 404).

A power-driven vessel as defined by the act for the purposes of this additional graduated compensation (sec. 405 (a)) is a vessel equipped so as to be self-propelled through the use of machinery if the rated horsepower of the propulsive machinery exceeds one-third of the gross tonnage of the vessel. The definition of power-driven vessels is so framed as to include sailing vessels with auxiliary power, and power vessels with auxiliary sails, if sufficiently powered for efficient operation when propelled by power only. Sailing vessels, on the other hand, are not to receive this additional graduated compensation. The gross tonnage of the vessel is to be that stated upon the vessel's certificate of admeasurement (sec. 405 (c)).

A power-driven vessel, as above defined, of 5,000 gross tons or less, but of 1,500 gross tons or over, is to be compensated as if it were a vessel of 5,000 gross tons (sec. 405 (f)). Auxiliary vessels coming under the definition of power-driven vessels, as above set forth, also receive the benefit of this advantage. Sailing vessels and slow steamers not qualifying as power driven do not have this advantage. On the other hand (sec. 406), any power-driven vessel less than 1,500 gross tons, or any sailing vessel less than 1,000 gross tons, is not to receive compensation. Compensation is thus payable to sailing vessels not equipped so as to be propelled by machinery, if between 1,000 and 1,500 gross tons, while power-driven vessels of similar tonnage are not eligible for compensation. The restrictions as to speed are only as to the speed of which the vessel is capable and not as to the speed on the particular voyage.

Mileage: As above outlined, compensation is based in part upon each 100 nautical miles actually covered by the vessel. Compensation shall not be paid in respect to any mileage excepting that comprising the customary route for vessels of same kind and type upon similar voyages between the ports touched by the vessel, based upon tables approved by the Shipping Board. The Shipping Board may, however, if such tables are not, in its opinion, fairly representative of the distance which under efficient operation is actually required to be traversed by the vessel upon its voyage, increase the mileage to such an extent as it deems fair and reasonable, but in no case shall the total mileage allowed be in excess of the mileage actually traversed by the vessel (sec. 405 (e)).

Classification: Compensation is payable to a vessel only in respect to mileage covered while classed by the American bureau of shipping in the highest classification open to a vessel of its kind and type, according to the rules of the bureau (sec. 406 (b) (4)).

Crew: Compensation under the committee amendment is payable to a vessel only for mileage covered while carrying a crew at least two-thirds of whom, exclusive of licensed officers, are citizens of the United States, and the remainder of whom are eligible for United States citizenship, except that during the first year after the enactment of this act the required number of citizens of the United States is one-half instead of two-thirds, and during the second year is six-tenths instead of two-thirds. In the case of passenger vessels the above requirements apply only to the deck and engine departments. Suitable exceptions are made for temporary situations arising from desertions, casualties, or other causes beyond the control of the master of the vessel and occurring at a port outside the United States or upon the high seas (sec. 406 (b) (5)).

Tows: Compensation is payable to a vessel only for mileage covered when self-propelled by sails or machinery. Suitable exceptions are made for cases of distress and for assistance on entering or leaving

any port or in navigating inland or restricted waterways (sec. 406 (b) (3)).

Vessels of the United States: Compensation is payable to a vessel only for mileage covered while operating as a privately owned merchant vessel and registered or enrolled and licensed under the laws of the United States. No vessel is to be paid compensation unless it was documented under the laws of the United States on the sixtieth day after the enactment of this act, or was after the enactment of this act built in the United States, or was at such time undocumented and owned by the Shipping Board or by a citizen of the United States, and is not thereafter documented under the laws of any foreign country (sec. 406 (c)).

A vessel built in a foreign country before the enactment of the act and not falling within any of the categories above outlined may, if registered under the laws of the United States within three years after the enactment of the act, be paid compensation if such payment is authorized by an affirmative vote of at least five members of the Shipping Board and the vessel is found to be essential to the proper development of the merchant marine by reason of its particular type or kind and if the vote and a full statement of the reasons for such authorization are made public by being spread upon the minutes of the Shipping Board (sec. 406 (c) (5)).

Foreign trade: Vessels are entitled to compensation only for mileage covered in foreign trade. Section 407 prescribes in detail what mileage shall for the purpose of compensation be considered as being in foreign trade. Roughly speaking, mileage upon any voyage excepting a coastwise voyage may be made the basis for compensation. There are certain exceptions, however. Voyages between possessions and Territories of the United States, voyages as auxiliaries to the military or naval forces, voyages on sight-seeing tours or for scientific purposes, if not in competition with vessels in the coastwise trade, may be made the basis of compensation. Voyages in ballast between ports of the United States, and voyages between two ports in the Virgin Islands, the Philippine Islands, or the Canal Zone may be compensated if the next voyage is to a port outside of the United States or outside such possession or zone. Voyages upon the Great Lakes, whether or not in the coastwise trade, are not to be compensated unless beginning or ending east of Quebec. Voyages embracing in part mileage between a port in the United States and a port in Hawaii are to be compensated only under certain circumstances (sec. 407).

Tramps and feeders: A vessel shall be entitled to compensation for any period of time only if it has entered or cleared from a port in the United States at any time during the 12 months prior to such period of time, or if during the six months ending with such period of time it has derived at least one-half of its total revenue from passengers and cargo received from or delivered to vessels of the United States whose voyage began or terminated at a port in the United States, its Territories, or possessions, or the Canal Zone (sec. 408 (a)).

Voyages of less than 150 miles: Compensation is not to be paid for mileage upon any voyage during which the vessel enters or clears from a port in the United States, its Territories, possessions, or Canal Zone, if the distance between terminal points is less than 150 miles (sec. 408 (b)).

AMERICAN OWNERSHIP.

Compensation is not to be paid a vessel unless owned by a citizen of the United States within the meaning of section 2 of the shipping act, 1916, as amended by the merchant marine act, 1920. At any time more than three years after the enactment of this act compensation shall not be paid the owner of a vessel unless 75 per cent of the gross tonnage of all vessels owned or chartered by him or by any person affiliated with him, or for which either acts as agent, is comprised of vessels registered under the laws of the United States. In determining such percentage of tonnage, vessels of a particular type or kind and which are found by the Shipping Board to be not reasonably available for the purpose desired, are not to be counted (sec. 409).

INCREASE AND DECREASE OF COMPENSATION.

Section 410 provides that the Shipping Board may increase the rate of compensation to not more than double the normal rate when necessary in order to procure the establishment and maintenance of any particular class of service or the operation of any particular type or kind of vessel; or the Shipping Board may decrease the rate of compensation to such extent as it deems advisable. When the contract for compensation has been entered into such increases or decreases may be made only with the consent of both parties. In no case may any increase or decrease be made unless authorized by an affirmative vote by at least five members and unless the vote and a full statement for the reasons for the increase or decrease are made public by being spread upon the minutes of the Shipping Board. All contracts providing for the operation of a vessel in a particular service shall provide not only the rate of compensation in case the vessel is so operated, but a different rate of compensation to be paid in case the owner fails to so operate the vessel, provided the owner gives six months' notice to the Shipping Board of his discontinuance of the service (sec. 411).

OBLIGATIONS OF COMPENSATED OWNER.

Requisition of vessels: Any vessel in respect to which a contract for compensation is made may, at any time during the life of the contract, be taken and purchased or used by the United States for national defense or during any national emergency. The owner of the vessel shall be paid the fair actual value of the vessel at the time of taking, or fair compensation for use, based upon such value, in either case without enhancement by reason of the causes which necessitated the taking. The vessel is to be returned to the owner in a condition at least as good as when taken or an amount sufficient for reconditioning the vessel shall be paid the owner. The owner is not entitled to any consequential damages. Provision for arbitration is made in case of disagreement between the United States and the owner as to the fair value, fair compensation, or amount necessary for reconditioning (sec. 412). The purchaser of any vessel which is under a contract for compensation takes the vessel subject to the above right of requisition at any time during the term of the contract. The vessel is no longer eligible for compensation after the sale unless a new contract is made with the purchaser (sec. 415).

Repairs, renewals, and reconditioning: All repairs, renewals, or reconditioning of a compensated vessel are to be done at a port in the United States, its Territories, or possessions, or the Canal Zone, excepting repairs or renewals essential to the safety of the vessel, its passengers, crew, or cargo, or repairs or renewals of a feeder vessel (sec. 413).

Carriage of mails: Compensated vessels shall transport upon all voyages mail matter of any kind, except parcel post, required by the Postmaster General (sec. 414).

Repayment of compensation: Section 417 provides that the owner of a vessel or vessels who has made a contract for compensation in respect thereto shall pay to the United States 50 per cent of the amount by which his net income from the operations of such vessels exceeds 10 per cent of his invested capital in such vessels, but the amount of payment shall not in any case exceed the amount of compensation earned by such vessels during the year.

Net income and invested capital are to be computed in accordance with the revenue act of 1921, and all the provisions of that act and other internal revenue laws are made applicable to the determination and collection of the amount payable. In computing net income the compensation earned is to be included, but no deduction is allowed for the earnings of the vessels in foreign trade.

Provision is made whereby the Commissioner of Internal Revenue is to enforce the section, with full power to look behind the accounts of corporations and others affiliated by stock ownership or otherwise, and to apportion their profits and invested capital in accordance with the facts, regardless of any financial trick or device (sec. 417).

Terms specified in contract: The obligations above outlined are to be placed in the contract for compensation, but, whether or not so included, the vessel owner shall be held to have agreed to the obligations. The Shipping Board may incorporate in the contract any terms or conditions comprising such obligation or necessary to enforce such obligations or the maintenance of service or necessary to ascertain and determine the amount of compensation.

REVIEW BY GENERAL ACCOUNTING OFFICE.

The determination of the Shipping Board as to the amount of compensation to which any person is entitled shall not be subject to review by the General Accounting Office (sec. 419).

TITLE V.—ARMY AND NAVY TRANSPORTS.

Section 501 provides that whenever the President finds that American vessels afford adequate facilities to meet the needs of the Army or Navy for the transportation of persons or property he may direct the discontinuance of the transport service of either the Army or Navy, and either place the vessels out of commission or transfer them to the Shipping Board. Thereafter the War Department and the Navy Department are directed to contract for their transportation requirements with owners of American vessels. Such contracts may be entered into for terms of 10 years, and the two departments may avail themselves of the expert knowledge of the Shipping Board in making the contracts.

TITLE VI.—RAIL AND WATER TRAFFIC.

Section 601 defines the term "commission" to mean the Interstate Commerce Commission.

RELATIONS BETWEEN THE INTERSTATE COMMERCE COMMISSION AND THE SHIPPING BOARD.

Section 602: This section declares it to be the policy of Congress to promote water transportation in connection with the commerce of the United States, and to foster and preserve both rail and water transportation; and directs the Shipping Board and the commission to cooperate to that end by the creation of a joint board to study the interrelations of rail and water traffic and the methods necessary to carry out the policy of Congress, above declared. The joint board is to meet at least twice a month, and is to formulate and transmit to the Shipping Board and to the commission such recommendations, not inconsistent with law, as it deems necessary to carry out the policy declared by Congress. Thereupon it is to be the duty of the Shipping Board and of the commission, by independent action, each within its own sphere and by the use of its own powers, to make effective such of the recommendations of the joint board as they may, respectively, approve.

EXPORT BILLS OF LADING.

Section 603 amends section 25 of the interstate commerce act, which provides for the issuance of through bills of lading in the case of goods transported by railroad to a port of the United States and thence by water to a foreign country. The amendment provides that the Interstate Commerce Commission in prescribing the form of the bill of lading shall adopt as the portion thereof governing the water portion of the voyage such form as may be certified by the Shipping Board.

RAIL-OWNED WATER LINES.

Section 604 amends paragraph (9) of section 5 of the interstate commerce act, which paragraph forbids railroads to own common carriers by water or vessels with which they compete or may compete for traffic. The effect of the amendment is to permit railroads to own water lines engaged exclusively in commerce not included within the coastwise trade or engaged in trade between the United States and the Philippine Islands even after the Philippines have been put under the coastwise laws. The amendment, however, does not permit railroads to own water lines engaged in trade with foreign contiguous territory.

AGREEMENTS BETWEEN CARRIERS AFFECTING WATER TRANSPORTATION.

Section 605 amends section 15 of the shipping act, 1916, which section provided for the filing with the Shipping Board of all agreements entered into between common carriers by water, fixing or regulating rates, controlling competition, or in any manner providing a competitive working arrangement, and imposed a penalty for carrying out such an agreement without the approval of the Shipping Board. The amendment adds to the kinds of agreements which must be filed, those providing warehousing, docking, or other terminal facilities, and those providing that one carrier shall act as agent or representative of the other.

The amendment also compels a common carrier by water and a common carrier by railroad to file with the board all agreements between them relating to the interchanging of freight or passengers, or the making of joint rates, or providing warehousing, docking, or other terminal facilities, or providing that one carrier shall act as agent or representative of the other, or providing in any manner for a cooperative working arrangement. The amendment, however, applies only to agreements relating to passengers or property transported or to be transported to or from a foreign country or the Philippine Islands. The amendment also makes it unlawful to carry out such agreements until approved by the Shipping Board. The amendment also provides that all agreements covered by the section, in effect at the time of the passage of the bill, shall be valid until disapproved by the board.

Section 606 amends paragraph (d) of paragraph (13) of section 6 of the interstate commerce act, which section authorizes the Interstate Commerce Commission to compel a railroad which has made an arrange-

ment with a water carrier operating to a foreign country for the handling of through business to enter into similar arrangements with other carriers operating to the same foreign country. The effect of the amendment is to provide that such agreements shall be subject to the approval of the Shipping Board.

JOINT OR PROPORTIONAL RATES.

Section 607 amends section 28 of the merchant marine act, 1920, which section provides that no common carrier shall make any preferential rate based on the fact that the passengers or property transported are destined for or have come from a foreign country by water, unless such water transportation is to be or has been in an American vessel. The section further provided that if the Shipping Board found that adequate shipping facilities to or from a port in a foreign country were not afforded by American vessels, it should certify this fact to the Interstate Commerce Commission, and the commission could then, in its discretion, suspend the operation of the section. The suspension might be terminated by order of the commission whenever the Shipping Board found that adequate shipping facilities by American vessels were afforded. The amendment takes away from the commission the discretion as to suspending the section and makes it its duty to do so when the Shipping Board certifies the lack of adequate American vessels; and likewise makes it the duty of the commission to terminate the suspension upon 30 days' notice when the Shipping Board certifies that adequate facilities are furnished by American vessels. The amendment also adds a paragraph providing that whenever the board and the commission are both of the opinion that putting into effect or keeping in effect the provisions of the section will result in materially changing the channels of transportation within the United States, or in unduly congesting one or more ports of the United States, the commission shall suspend the operation of the section until such time as the commission and the board reach a contrary conclusion, whereupon the commission shall terminate the suspension upon 30 days' notice.

TITLE VII.—MISCELLANEOUS PROVISIONS.

TRANSPORTATION OF GOVERNMENT OFFICIALS AND SUPPLIES.

Section 701 provides that all officers and employees of the United States shall, whenever practicable, travel in an American vessel if the travel expenses are directly or indirectly chargeable to the United States. Voyages may be made in vessels under a foreign flag only when specifically ordered by the head of the department or upon orders specifically approved by the head of the department, who in all cases is to report promptly to the board all voyages made in foreign vessels, together with the reasons why the voyage is so made. If any person fails to comply with this section he is not to be reimbursed for his passage money, or is to be surcharged in his accounts with the United States, as the case may require.

Section 702 provides that so far as practicable all goods belonging to or intended for the United States transported by water shall be shipped in an American vessel. If such shipments are not practicable and shipment is made in a foreign vessel, it is the duty of the officer or employee of the United States authorizing or making the shipment to notify the board in writing, with the reasons why shipment was so made.

REGULATIONS.

Section 703 authorizes the Shipping Board to make such regulations in respect to matters placed under its jurisdiction by the act as it deems necessary to make effective the intent and purposes of the act.

SEPARABILITY.

Section 704 is the usual provision that the unconstitutionality of a part of the act shall not affect the validity of the remainder.

SHORT TITLE.

Section 705 provides that the act may be cited as the "merchant marine act, 1922."

Part III.—Discussion of important features of the bill.

In the first place, the bill makes a number of amendments to the merchant marine act, 1920, with a view to removing some obstacles which in practice have arisen under certain provisions of this act.

SALE OF SHIPS.

Section 1: The effect which this amendment has is to give the board power, under special circumstances, to make sales over the counter when five or more members of the board are convinced that the interests of the United States are best served thereby. The committee added to this amended section a clause giving the board the power to write into their sale agreement a provision as to the use or the disposition of the vessel in order that, for example, with the wooden ships the board might, if it desired, sell ships with the provision that they may be broken up, or in the case of other ships, that desired services and routes should be maintained with those vessels. The committee also amended the original bill so that the deferred payments must at all times cover the depreciation of the vessel as determined by the board and fixed the rate of interest on the deferred payments at not less than 4 per cent. The committee felt that in the case of the sale of vessels where the price was left wholly in the hands of the Shipping Board the rate of interest should not be appreciably lower than that which the United States paid for its moneys.

THE MIDDLE WEST AMENDMENT.

Section 2: During the hearings, representatives of the Middle West and the South Atlantic expressed themselves as apprehensive that the sales policy of the board might be such as to vest control of the board's tonnage in the hands of monopolistic interests so as to work eventually to the detriment of the shippers of the Middle West, and possibly undo the work done by the United States Shipping Board in building up adequate services from all American ports. The committee recognized clearly the need of insuring that all sections of the country be afforded adequate water transportation facilities, and while believing that the danger of monopoly in cargo lines is not as great as is feared, nevertheless agreed that adequate guarantees should be incorporated in the bill to remove all doubt upon the point.

Accordingly a new section was added to the original bill under consideration, inserting two provisos and a new paragraph to section 7 of the merchant marine act of 1920. The effect of these additions is to insure that local interests, in the seaboard communities and in the inland districts naturally tributary thereto, shall have not less than two years in which to organize steamship companies and raise the necessary capital to purchase the lines which the board is operat-

ing from such communities; and that in developing its sales policy the board shall work to continue existing lines and endeavor in every way to bring about their permanent retention in the hands of those directly interested in the communities which the lines serve.

CONSTRUCTION LOAN FUND.

Section 3: The bill amends section 11 of the merchant marine act, 1920, by providing that the construction loan fund therein established shall come into existence as rapidly as the funds authorized for transfer to it become available, where the act of 1920 only permitted setting aside \$25,000,000 each year. No increase in the eventual size of the fund, namely, \$125,000,000, is contemplated. The bill added a provision to section 11 that the loan fund could be used not only in aid of construction of vessels but also for the reequipment of vessels already built with machinery and commercial appliances of the most efficient and the most economical type. It is also provided that the rate of interest to be charged shall be not less than 2 per cent per annum, while the act of 1920 specified no rate.

The minimum rate of interest of 2 per cent is authorized because of the fact that this loan is to be expended in construction in American yards, and that the Government will receive through the administration of this loan new or reequipped vessels of the most desirable type. The committee therefore feels that the board should have power to loan from the fund at as low a rate of interest as 2 per cent.

TAXATION OF VESSELS.

Section 201: This section continues the policy expressed in section 23 of the merchant marine act, 1920. The exemption from income taxation allowed to shipowners by that section was by its terms to continue for a period of 10 years. It was, however, confined to the war profits and excess profits taxes of the revenue act of 1918. With the repeal of those taxes by the revenue act of 1921, the provisions of section 23 ceased to be of any effect. Section 201 of the present bill merely carries out the promised tax exemption of the merchant marine act, 1920, with some slight changes. The exemption applies only to the earnings of vessels of 1,500 gross tons or more and the vessel owner is required to supply out of his ordinary funds only one-half of the cost of new vessel construction instead of two-thirds, as provided in the former act.

The general policy of exempting the earnings of vessels in the foreign trade, upon condition that the amount of taxes thus saved to the owners of such vessels shall be invested in the building of new vessels in American shipyards, is thought by the committee to be thoroughly sound. It serves not only to encourage the operation of vessels in foreign trade but at the same time helps to maintain our American shipyards.

This section also continues another policy of income-tax exemption expressed in section 23 of the merchant marine act, 1920. Under the provisions of that section the owner of a vessel built prior to January 1, 1914, was exempted from all income taxes payable upon any gain resulting from the sale of such a vessel under the revenue act of 1918, if the entire proceeds were invested in ship construction in American shipyards.

This section makes this exemption applicable to the taxes imposed by the revenue act of 1921, thus continuing to make effective the policy expressed in section 23 of the merchant marine act, 1920. The result of this policy is to encourage the replacement of old vessels by the construction of new vessels in American shipyards, thus aiding to keep our merchant marine composed of the best and most efficient types of vessels and at the same time providing for the maintenance of our vitally necessary shipbuilding industry.

DEPRECIATION OF VESSELS.

Section 203: This section authorized the Shipping Board to prescribe rules and regulations for the determination of the depreciation of vessels of the United States for income-tax purposes under the revenue act of 1921. The committee believes that this subject is one which should properly be entrusted to the Shipping Board because of its expert knowledge of the subject. The rules heretofore applied by the Treasury Department have placed American shipowners at a disadvantage as compared with their foreign competitors. Under this provision the Shipping Board will be enabled to make rules and regulations covering depreciation of vessels which will result in overcoming the handicap to American vessel owners by reason of the less favorable treatment heretofore accorded to them in the application of the revenue laws.

Provision is further made for additional allowance in case of vessels of 1,000 gross tons or more, acquired after August 1, 1914, and prior to January 1, 1921, for depreciation based upon the exceptional decrease in values of shipping which has taken place since the latter date. This is to be determined under rules and regulations prescribed by the Shipping Board and is to be allowed to be distributed over the five years beginning with the taxable year 1922. Provision is made for a redetermination of any allowance which may be made, based upon any change in values during the five-year period. Similar allowance is made under the British revenue laws and the effect of this section is merely to place the American vessel owner in this respect on a parity with his British competitor.

INCOME-TAX CREDIT FOR TRANSPORTATION BY WATER.

Section 204: This section provides that any person paying freight for the transportation of goods between the United States and a foreign port in an American vessel shall receive as a credit against any income tax payable by him an allowance of 5 per cent of the amount of such freight money. If the person whose goods are thus transported has more than 50 per cent interest in the vessel, whether direct or indirect, no allowance is given him. The purpose of this latter provision is to exclude from the benefits of the section industrial concerns which carry their goods in their own vessels.

This section is one of the most important indirect aids provided by the bill. If direct subsidies were made enormous, vessels might be operated even without cargo. Obviously, such a method of securing a merchant marine would be highly artificial and extremely costly. A permanent and healthy merchant marine can never be established merely by paying subsidies. The secret of success in shipping, as in any other business, is volume, but American vessel owners are at a tremendous handicap in this respect compared with their foreign competitors. For so many years have Americans been dependent upon foreign vessels for the carriage of their goods, so firmly established are such foreign vessels in the carrying of freight, their commercial and financial connections are so widespread, their shipping organizations so broad and efficient, that successful competition on the part of the new American shipping industry is possible only if some means can be found for overcoming these advantages. The mere appeal to the patriotism of American shippers is insufficient. Some practical in-

ducement to use American vessels must be found. The force of inertia tends to continue American shipments in foreign vessels. It is believed that the 5 per cent allowance provided by this section will furnish the necessary inducement to bring about the use of American vessels by American shippers, in preference to their foreign competitors, yet the total cost of this provision is estimated by the Treasury Department as not exceeding \$4,500,000 per annum. No amount of direct subsidy will accomplish the same results. Even though an increase in the amount of direct subsidy paid might equalize the results of this section so far as the earnings of the vessels are concerned, it could do so only at a cost perhaps four or five times the amount of the cost of this indirect aid and no basis would be laid for the permanent establishment of the merchant marine.

If it be said that the results of this income-tax allowance can not be definitely measured, it seems none the less desirable to give the plan a trial. If it is successful, the result will be to increase the earnings of the shipowners, and under the provision of a 10 per cent limitation upon profits the amount of direct subsidy required will be decreased. If, on the other hand, the income-tax deduction does not cause American shippers to use American vessels, the cost will be negligible.

The merchant marine act of 1920 was largely based upon a similar plan. Under the tariff act provision was made for a 5 per cent deduction on customs duties, payable on goods imported, but this was not made effective because the Supreme Court held that it was in violation of our treaty obligations, and both President Wilson and President Harding have found it impossible to carry out section 34 of the merchant marine act of 1920, which authorized and directed the President to abrogate the provisions of treaties so as to enable discriminating duties to be put into effect. The income-tax deduction provided in this section applies both to imports and exports and to goods dutiable and nondutiable. Thus, while it embodies the same principle as that sought to be carried out by section 34 of the merchant marine act of 1920, it covers all goods carried in American ships, whether imports or exports. Your committee believes that this section should prove far more effective than would the carrying out of the provisions of section 34 of the merchant marine act of 1920.

TONNAGE DUTIES.

Section 206: This section doubles the present tonnage duties, except in the case of sailing vessels of less than 1,000 gross tons or in the case of other vessels of less than 1,500 gross tons. American tonnage duties are far less than those customary abroad. Even after this section becomes effective the American tonnage duties will be generally less than those charged in foreign ports.

TRANSPORTATION OF IMMIGRANTS BY WATER.

Title III: This title is intended to secure for American vessels their fair share of the immigrant traffic. Had this provision been in effect prior to the enactment of the quota law we would to-day have had a prosperous line of passenger steamers upon the North Atlantic second to none, and this without expense to the Treasury; but America has always permitted those coming to her shores as immigrants to travel as they saw fit. The result has been that the immigrant traffic has been largely divided between Germany and Great Britain, and the steamship companies of those countries have for many years entered into agreements definitely apportioning the traffic between them. It is now proposed that American passenger steamers shall be entitled to one-half of this traffic. This title accordingly provides that as nearly as practicable one-half of the total number of immigrants admitted to the United States in any fiscal year shall be transported in American vessels, and the Commissioner General of Immigration, with the approval of the Secretary of Labor, is directed to make the regulations necessary to bring this about.

In view of possible conflict with the obligations of commercial treaties this provision is not to be made effective until the President is satisfied that no treaty obligations will be broken, or if he finds that such treaty obligations will interfere with the carrying out of this provision, then until the President has taken the necessary steps to renegotiate such treaties.

This title, like the 5 per cent income-tax deduction, should prove one of the most valuable of the indirect aids afforded by the bill. As the income-tax deduction provision should fill our vessels with cargo, so this provision should fill our vessels with passengers. In each case the result should be that increase in volume of business which is the sole foundation of a permanent and successful merchant marine.

DIRECT AID.

Title IV: The history of direct aid to shipping, under whatever name it may be given, postal or admiralty subventions, or navigation or construction bounties, shows clearly that there is almost no nation in the world which has not realized the importance of a merchant marine, and, to some extent, endeavored to obtain one by granting direct aid from its treasuries.

Stripped of all but the basic considerations, the problem of having a merchant marine comes down to the question of whether the economic conditions are favorable or unfavorable. The primary factors governing the situation are: First, trade to an extent sufficient to support a merchant marine; second, the necessary elements entering into its construction, i. e., coal, iron ore, and labor available cheaply and adequately; third, the necessary personnel to operate such a merchant marine available cheaply, adequately, and of a naturally capable type.

A nation which has all the specified factors will be successful at sea without national aid, because it has no economic handicaps to be overcome other than inexperience and inertia. A nation lacking any one of these factors and still desirous of a merchant marine must compensate artificially for its lack. Countries like Great Britain and Germany are examples of nations having an ocean trade upon which they are practically dependent, dowered with cheap steel and having an ample supply of labor available at low wages. Their success at sea was eventually certain, but even these nations paid postal subsidies to develop vessels of the higher types. Japan is an example of a nation similarly equipped but which entered the competition for ocean carriage only recently and therefore found it necessary to subsidize in order to get a start and while gaining experience. Japan's merchant marine is firmly established now and will probably increase steadily in the future. Her subsidies in late years have been markedly reduced.

On the other hand, nations not favored with all of the necessary factors have endeavored to make up the deficiency by national aid. They have been successful only when the national aid fully compensated for their national handicaps, and they have failed almost completely when such aid did not compensate for their economic disadvantages, although in the latter case subsidizing nations have main-

tained by their subsidies a merchant marine which would have been impossible without those subsidies. The one clear lesson to be learned from history is that a subsidy which is insufficient is little better than no aid whatever.

In the United States we have ocean trade and we have been becoming increasingly dependent upon it. We have cheap steel and we have a population which would again take to the sea naturally and efficiently if opportunity offered. Our one great handicap is that because of the ample resources of this great and wealthy Nation our people are able to win for themselves comfortable livings on shore, at wages two or three times those which citizens of a foreign nation could hope to obtain in a similar walk of life.

Because of the high wage of labor in this country the American shipowner is doubly handicapped. First, a ship costs him more to build because of the high labor costs in American shipyards, and he therefore must assume an annual carrying charge upon his greater first cost much in excess of that which his foreign competitor bears; second, because of the higher standard of living in this country, he must pay a higher wage to the crew obtained in American ports than does his foreign competitor for the crews which he obtains from the cheaper European or oriental labor.

It is to meet, in part, the excess cost of building a ship in the United States and operating it under the American flag that direct compensation is provided for in this bill.

The history of direct aid in the United States, as well as in other countries, shows clearly that to be effective any legislation in aid of merchant shipping must provide as far as possible for a reasonable degree of permanence. Time will be required to institute the various parts of the program, such as the sale of the Shipping Board fleet, the establishment of the loan fund, and the construction of the new ships required to round out the merchant marine, and time will be required for American private operators to establish themselves on new routes. New ships will not be contracted for, nor services developed, unless there is a definite assurance that the benefits of the proposed legislation will be applied for a period of years. All this is particularly true in view of the fact that the depression in shipping may continue for several years and that during this period a fair test can not be applied to all parts of this program.

MERCHANT-MARINE FUND.

Section 402: The source of funds for the direct aid proposed in the bill is to be a fund established in the Treasury Department and called the merchant-marine fund. This fund is to be made up of moneys derived from the tonnage duties, taxes, and light money paid by vessels entering our ports, 10 per cent of the amount of all customs duties, and the amounts which American vessels receiving compensation under the contract would have been paid, except for this section, for the carriage of mails other than parcel post. In addition to these moneys the merchant-marine fund receives all refunds of compensation paid into the Treasury by reason of the operation of section 417.

THE CONTRACT.

Section 403: The bill therefore provides that no vessel owner shall be entitled to compensation unless he has entered into a contract with the United States Shipping Board. These contracts may be for any period of time up to a maximum of 10 years. The board is authorized to refuse such contract to the incapable or inexperienced owner, or to the owner whose lack of resources or of character are such as to make him, in the opinion of the Shipping Board, unfit to receive compensation from the National Treasury. Because of the broad power this proviso gives the board, the committee felt it essential that this power could only be exercised on the affirmative vote of not less than five members of the board, accompanied by a full statement of the reasons for such action spread upon the minutes of the Shipping Board.

Section 412: To the United States the contract will insure that the vessel with respect to which it is made will be available for use by the Nation in time of war or any other national emergency at a fair price, and such fair price is to be based upon a fair actual value of the vessel without inflation, due to the causes which necessitated the taking. It relieves the United States of any liability for consequential damages to the requisitioned vessel; that is, damages resulting from the loss of possible profits due to the seizure.

Section 413: In addition to binding himself to sell or lease his vessel to the United States at a fair price in time of national emergency, the vessel owner who enters into a contract for compensation agrees that all the repairs or renewals or reconditioning of the ship or its fittings shall be done in a port of, or belonging to, the United States, except that in case of emergency the minimum work necessary to the safety of the vessel may be performed in a foreign port; and, except in the case of special feeder vessels, never touching American ports.

Section 414: The owner also contracts to carry free of charge mail matter of any kind, except parcel post, to such extent as may be required of him, and in so doing to waive all rights for compensation under the law or under any contract made thereunder, but in so waiving his rights to compensation the vessel owner is not relieved of any obligations incurred under existing law or contract, and the transportation of mails is subject to all the requirements of the Post Office Department, and the owner is liable to the prescribed penalties for infraction thereof.

Section 415: If a vessel in respect to which a contract for compensation has been made is sold prior to the expiration of the contract, compensation automatically ceases unless the new owner makes another contract with the board. Such sale, however, does not relieve the new owner of the vessel from the liability of having his vessel requisitioned in time of national emergency.

The owner contracts to turn into the Treasury one-half of his net earnings in excess of 10 per cent in any one year until the compensation received during that year has been repaid.

RATE OF COMPENSATION.

Section 404: The direct aid is based upon the size and speed of the vessel and the distance covered. The reasons for the adoption of this method of computing compensation were brought out clearly and in considerable detail during the hearings.

All vessels, otherwise eligible, receive compensation at the rate of one-half of 1 cent per gross ton per 100 nautical miles covered. Power-driven vessels, capable of making speeds on trial of 12 knots or more, receive a higher rate, proportionate to their speed, and hence to their first cost and to their operating cost. The maximum rate provided is 2½ cents per ton per 100 miles, which may be paid to vessels of 23 knots speed or above.

LIMITATIONS OF COMPENSATION.

Section 406: In order to make the compensation apply to vessels which are of real value to the foreign trade of the United States, and to obviate the need of negotiating contracts with a multitude of small vessels, a limit of 1,500 gross tons is provided, and no vessels of less than this tonnage receive compensation, except in the case of vessels solely propelled by sails, for which a minimum of 1,000 gross tons is established.

In the bill as reported it was provided that a vessel to be eligible for compensation must carry American citizens to the extent of not less than half her deck and her engine department, considered separately, and without counting licensed officers required by law. The committee amended this subparagraph by requiring that vessels must carry a crew two-thirds of which, exclusive of licensed officers, should be American citizens, and the entire remainder of the crew should be eligible to citizenship. Because of the impracticability of getting American servants, the committee excepted the steward's department of passenger vessels from this requirement and further allowed a period of two years in which the proportion should be attained, providing that in the first year after the enactment of this act only 50 per cent citizens would be required, in the second year only 60 per cent, while thereafter the full two-thirds should be demanded.

This subparagraph as amended will not only raise the proportion of American citizens upon vessels in the merchant marine to an extent probably greater than ever existed but it further has the effect of barring from the crews, except in the case of the steward's department of passenger ships, all aliens who are ineligible to citizenship during the period. The committee feels that this amendment is the most important provision in the interests of an American-manned merchant marine.

Because the encouragement of American shipbuilding is one of the primary purposes of the bill, it provides, generally speaking, that only American-built vessels shall be entitled to compensation. Exceptions are the vessels of foreign construction now under the American flag, either privately or publicly owned, and such ships as only brought under the flag within 60 days after the enactment of the act.

It might be desirable, or even necessary, to add to our merchant marine in the immediate future special types of ships which at present we do not possess but which do exist elsewhere. To make this possible the board has power, upon a vote of not less than five members, to admit to compensation a foreign-built vessel owned by a citizen and admitted to registry after the taking effect of the section. Such admission can only be made to a vessel built prior to the enactment of the act—that is, to existing vessels. This exception, therefore, will not permit new contracts to be placed abroad with the idea that the vessel may be given compensation. Further, only three years are allowed for the exercise of this prerogative by the board, for that time is sufficient to permit American shipyards to build the needed vessels.

OWNERSHIP OF VESSELS BY CITIZENS OF THE UNITED STATES.

Section 409: This section does not become effective until three years after the enactment of the act. Thereafter, at least 75 per cent of any vessel owner's total gross tonnage engaged in foreign trade must be American, otherwise he is deprived of any right to compensation under the act. This applies equally to tonnage owned, chartered, or for which the owner acts as agent.

Provision is made for the suspension by the board of this provision with respect to vessels of a particular type or kind not reasonably available under the American flag.

At the present time nearly all American vessel owners and operators are more or less heavily interested in foreign vessels. The committee feels that this was a condition which, in the interest of the American merchant marine, should not be allowed to continue. Of course, Americans must be allowed to be interested in foreign vessels if they see fit to do so, but it seems a reasonable requirement that they shall not receive the benefits of a subsidy unless they devote their capital, their skill, and their industry solely to the development of the American merchant marine, for whose benefit the subsidy is given. There can be no divided allegiance or conflicting interest. Such a radical change in existing shipping interests and relations, it was felt, however, could not be instantly brought about, and accordingly a period of three years was allowed before the section is to become effective.

ALTERATIONS IN RATE OF COMPENSATION.

Section 410: As the board has for sale a number of vessels of the passenger or combination type, some of which the United States acquired by seizure at the outbreak of the war, the sales price of these vessels will not reflect their present-day cost of construction. The rate of compensation for vessels of the higher speed is based upon their cost of construction. Obviously, therefore, the board should have it in its power to decrease the rate of compensation where vessels are sold at such prices, or where special circumstances otherwise make it desirable, to reduce this rate from that provided for new construction.

On the other hand, it is possible that, to further carefully laid plans, either for trade or national defense, special types of vessels should be constructed whose nature might render them unprofitable for a number of years at least, or it might be that the board, to build up a trade over a certain route, desired to have a line operated thereon in spite of the fact that such operation will be manifestly unprofitable even with the scheduled amount of compensation. In order to bring into being such types of vessels, or to establish services upon special routes, the board has the power to give more than the schedule rate of compensation. Further, in case the conditions change materially after the contract has been entered into, the board may, with the consent of the vessel owner, alter, or further alter, the terms of the contract. It should be emphasized, however, that while the board is free to set such rate as it pleases in the contract that it enters into, no change can be made, once this contract is executed, except by mutual consent.

The maximum rate to which the amount of compensation can be set by the board is twice that provided in the bill. Any change in rate, either increase or decrease, can only be made upon the affirmative vote of not less than five members of the board, with full reasons for their actions spread upon the minutes.

MILEAGE AND CONSTRUCTIVE TONNAGE.

Section 405: Because of the fact that in small steamers the wage cost and cost of construction is very little less than for vessels of much greater size, the bill provides that these small steamers, on which a very large portion of our commerce depends by reason of our trade to the West Indies and Caribbean countries, should be computed for purposes of compensation upon a constructive gross tonnage in place of their actual tonnage. The words "power driven" have been defined

so as to include only those vessels whose horsepower bears a certain ratio to their gross tonnage. This prevents underpowered steamers or auxiliary vessels, who have not the differential which the constructive tonnage was designed to compensate, from receiving its benefits.

The mileage covered by the vessel is to be determined by the table of actual distances between the ports touched, except that when such distances do not fairly represent the distance required by efficient operation to be covered by the vessels, the board may allow up to the actual mileage covered by the ship. The idea of this exception was that vessels might be engaged in important work with a negligible distance between ports touched; for example, a steamer chartered to carry a cargo of coal to naval vessels operating at sea might return to her port of departure without having called at any port whatever, and hence without this exception not being entitled to any compensation.

FOREIGN TRADE.

Section 407: Because of the somewhat peculiar status of the island possessions of the United States with regard to their distance and their present lack of trade in any great volume, it was necessary in drafting the bill to define for compensation purposes foreign trade in such manner as would best promote the establishment of necessary services to our distant possessions and in a period of years would give them an opportunity to build up such trade, especially with the United States, as could be expected from their natural resources. With some of these possessions—small, distant, and in many cases used only as naval stations—it is hopeless to expect that their trade will ever reach such an extent as to make them profitable ports of call for first-class lines. The maintenance of services to such points is essentially part of the duty of the Nation and one of the basic reasons for national aid.

These points are cared for by providing that trade between ports of the United States, or between the United States and Alaska or Porto Rico, is not to be considered as foreign trade. Trade between the United States and Hawaii is not to be considered foreign trade unless the revenue from such trade forms one-fourth or less of the total revenue accruing to the vessel; or, in other words, the important part of the voyage is that part beyond Hawaii.

This special requirement was necessary because a vessel traveling, say, from San Francisco to the Philippines direct would be compensated for the entire distance. If a vessel which called at Hawaii was compensated only for the distance from Hawaii to the Philippines, the natural tendency would be to eliminate Hawaii as a port of call. On the other hand, if a vessel going past Hawaii were to be compensated fully for the run between the United States and Hawaii, even though the majority of her cargo were for or from those islands, it would seriously affect her competition with those lines terminating at the islands and therefore receiving no compensation whatever.

Intraisland carriage is also excluded from foreign trade for purposes of compensation. Special rulings can be made by the board in the case of unusual voyages, and such voyages can be considered as foreign trade even though passengers might be transported between two ports of the United States, provided the transportation is done in such manner as not to compete with vessels in the coastwise trade.

The compensation was designed primarily to be paid to vessels which were engaged in furthering the direct foreign trade of the United States; that is to say, were carrying passengers or cargo between the United States and foreign ports. Because of the excess of exports of the United States in bulk over the imports, the ordinary cargo steamer of the tramp type, as distinguished from the vessel operated on a regular line, must engage in indirect trade and adopt the so-called triangular route to reduce as much as possible the distance steamed in ballast. In order not to penalize such craft but at the same time to insure that vessels receiving compensation are engaged to a reasonable extent in the direct trade of the United States, the bill provides that a vessel shall be compensated for indirect trade provided it returns to the United States at least once a year.

One other type of service was excepted from the direct-trade provision. In distant waters there is a use for small vessels to collect cargo and bring it to some principal port, where it can be picked up by a larger vessel in direct trade, or to take it from such vessel and distribute it to the various ports of destination in small lots. The larger vessels can not with profit call at numerous ports. To supplement them vessels of this "feeder" type are needed, and under the American flag are to receive compensation, if otherwise eligible, provided the great part of their revenue is derived from persons or property received from or delivered to a vessel flying the United States flag and engaged in direct trade.

REPAYMENT OF COMPENSATION.

Section 417: The charge which has been most often brought against direct aid to shipping is that it led to abuses and resulted in profiteering. Your committee believes that in H. R. 12021 the possibility of these evils has been effectively prevented by a means probably unique in shipping legislation.

The rate of compensation itself has been set at a rate which falls short of equalizing the actual difference in cost of operation of American ships as compared to foreign vessels. The bill hedges about the payment of compensation with such requirements as to insure that all direct aid is paid to the vessels which are directly furthering the trade of the United States and promoting its future safety. In addition to all these restrictions, the bill further provides that compensation shall be returned by any vessel which does not actually need it.

In any year in which a vessel having a contract for compensation makes in excess of 10 per cent on its invested capital, the owner thereof must return half of all his net earnings in excess of 10 per cent until the entire amount of direct aid received in that year has been returned to the Treasury.

The bill provides in a most definite and certain manner that in computing his net profits the owner is restricted beyond any possibility of fraud to a profit based upon his vessels alone. He can not include the workings of other activities, such as stevedoring companies, piers, lighterage companies, or other means by which profits could be unequally distributed through a single control of several activities. In case he owns goods carried in his own vessels he can not charge himself a lower rate of freight nor otherwise penalize his ship to the advantage of his cargo. The ships, and the ships alone, are considered.

The committee feels that this provision should be sufficient answer to those who feel that national aid to shipping is a private raid upon the Treasury. While in no year and at no time guaranteeing any profit whatever to any vessel, the bill provides that any year in which the vessel makes a profit of more than 10 per cent she shall repay compensation to the Treasury.

ARMY AND NAVY TRANSPORTS.

Section 501: As another means of indirect aid the bill proposes that where adequate facilities are afforded by private American shipping for performing services required by the military or naval forces of the United States the President may direct that such forces lay up their own vessels or such of them as are not needed, or if the superfluous vessels are of a suitable commercial type they may be transferred to the Shipping Board for eventual sale or other disposal.

In such cases Army and Navy are directed to make the contracts with owners of private vessels necessary to obtain the required services. The section grants the power to make these contracts for a 10-year period, so that private owners may be assured of a permanence sufficient to justify the construction of special types of ships, or the investment otherwise of substantial amounts in establishing suitable services.

RELATIONS BETWEEN INTERSTATE COMMERCE COMMISSION AND UNITED STATES SHIPPING BOARD.

Section 602: This section reiterates the policy of Congress, expressed in previous legislation, to foster and promote both rail and water transportation. The importance of the closest cooperation between the United States Shipping Board and the Interstate Commerce Commission is recognized and a joint board is created to assist in solving the problems arising out of the interrelations of rail and water transportation.

The committee believes that valuable results may flow from thus bringing these two bodies together in a common effort to solve our vastly important and difficult transportation problems.

SECTION 607.

Section 28 of the act of 1920 may prove to be of valuable assistance in the upbuilding of our merchant marine. There has been a certain amount of distrust of its provisions on the part of various communities. To remove any apprehension the bill amends the section and permits the Interstate Commerce Commission and the Shipping Board, when both are of the opinion that the provisions of section 28, as amended, will result in changing the channels of transportation within the United States or in unduly congesting any ports, to suspend its operation.

TRANSPORTATION OF GOVERNMENT EMPLOYEES OR SUPPLIES.

Section 701: It is provided that, wherever practicable, the transportation of personnel and property of the United States the expense of whose transportation is borne by the Public Treasury shall be either in a vessel the property of the United States or in a vessel flying our flag.

In the case of passengers, if the travel is undertaken on a foreign flag ship, the person concerned will be obliged to bear the expense himself unless the head of the organization of which the traveler is a member specifically approves or directs travel by such ship and reports the reason for so doing to the Shipping Board.

It seems unnecessary to comment on the futility of attempting to build up an American merchant marine if the Government itself does not set the example of patronizing, whenever possible, the vessels of its nationals.

AMEND AND SUPPLEMENT THE MERCHANT MARINE ACT, 1920.

[House Report No. 1257, Sixty-seventh Congress, third session.]

Mr. GREENE of Massachusetts, from the Committee on the Merchant Marine and Fisheries, submitted the following report, to accompany H. R. 12317:

The Committee on the Merchant Marine and Fisheries, to whom was referred the bill (H. R. 12317) to amend and supplement the merchant marine act, 1920, and for other purposes, having considered the same, report thereon with the recommendation that it do pass.

This bill is practically the same as H. R. 12021, reported to the House last June, except for a few changes which are hereinafter discussed. The reasons for the passage of this bill are fully set forth in House Report 1112, accompanying H. R. 12021. The following are the differences between this bill and that bill as reported:

REPORTS BY SHIPPING BOARD.

The second paragraph of section 12 of the shipping act, 1916, requires the board to include in its reports, among other things, "a statement of all expenditures and receipts under this act." This provision, strictly construed, would not require the board to make any statement of expenditures or receipts under any other act than the shipping act. In order to make clear that the board is required to make a statement of all expenditures and receipts, this paragraph of existing law is amended by section 703 of the bill.

INSURANCE.

This section amends section 9 of the merchant marine act of 1920 so as to permit the board to require purchasers of vessels from the board to place the insurance necessary to protect the equity of the United States in the vessel with the separate insurance fund, created under section 10 of the merchant marine act of 1920, in any case where the purchaser is unable to place such insurance with American insurance companies at as low a rate as that quoted by foreign insurance companies. It is obviously desirable that such insurance shall be placed at home, but at the same time the purchaser should not be burdened with the added insurance cost where for any reason he is unable to obtain his insurance with American companies at as favorable rate as from the foreign companies. To meet this situation the board is given authority to permit the placing of such insurance under these special circumstances in the insurance fund. This applies both to hull insurance and to protection and indemnity insurance. With respect to the latter form of insurance the board is permitted to waive the requirement that it shall be furnished by the purchaser in all cases. This is to meet the situation where the character of the vessel sold by the board is such as to make protection and indemnity insurance unnecessary for the proper protection of the Government's equity.

Section 10 of the merchant marine act of 1920 is amended so as to make possible the carrying out of the provisions of section 9 as amended. In addition, the language of section 10 is broadened so as to remove any doubt as to the power of the board to cover in its separate insurance fund every form of insurance, including both hull and protection and indemnity insurance, to the full extent of the interest or equity of the United States in any vessel. (See secs. 3 and 4 of the bill.)

COMPENSATION FOR THE CARRIAGE OF MAILS.

Under H. R. 12021 it is contemplated that any vessel in respect of which a contract for compensation under that act was executed would forego any compensation for mail other than parcel post and that compensation which would otherwise have accrued for such transportation would be turned over to the merchant marine fund. This procedure met with objections on the part of the Post Office Department, which contended that without receiving compensation directly for the carriage of mails vessels would cease to take an interest in the carriage of mails and the efficiency of the service would suffer therefrom. They also felt that certain administrative difficulties would arise in view of the fact that all compensation would be vested in the hands of the Shipping Board and that the Post Office Department, on which the responsibility for mail services still lay, would be deprived of effective authority and control over the carriers.

It was also felt that a certain amount of inequity might result. Cases might occur where two carriers were receiving the same subsidy, but one was carrying large quantities of mail while the other was carrying little, if any.

In order to correct this situation and at the same time to remove conflicting and obsolete legislation, the following changes are made:

Vessels receiving subsidy are not required to carry mails free of charge and the provision whereby the compensation properly payable for such transportation of mails was to be paid into the merchant-marine fund is struck out. The ocean mail act of 1891, no longer practically effective and under which no contracts exist to-day, is repealed. Sections 7 and 24 of the merchant marine act of 1920 are amended by striking out so much thereof as authorizes the Postmaster General, in conjunction with the Shipping Board, to enter into contracts for the carriage of mails. (See sec. 6 of the bill.)

In addition to the foregoing reasons for the change, there is the added one that the application of the eighteenth amendment and the Volstead Act seriously affects the revenues of passenger ships. It is these ships which usually carry the mails, and the committee feels that the slight additional compensation which would thereby accrue to passenger vessels is highly desirable in view of the difficulty experienced in maintaining under our laws American passenger services in competition with foreign services on which those laws are not applicable.

RATES OF INTERSTATE WATER CARRIERS.

The act of 1916 provided that common carriers by water in interstate commerce should file with the board their maximum rates and that if an unfair or unreasonable rate were charged the board could prescribe a just and reasonable maximum rate.

Section 704 amends section 18 of the shipping act of 1916 so that such carriers shall file with the board their actual rates, fares, and charges. These rates and charges can not be altered except with the approval of the board, and after 15 days' notice in the case of an increase and 5 days' notice in the case of reduction. In case the board disapproves any rate or charge on the ground that it is unjust or unreasonable, it may prescribe a reasonable rate or a maximum or minimum limit, or both. In this the procedure of the interstate commerce act is followed and the powers given the board herein with regard to interstate carriers by water are those which the Interstate Commerce Commission enjoys with regard to interstate commerce by rail.

APPROVAL OF BOARD TO TRANSFER OF DOCUMENTATION.

Section 42 of the shipping act of 1916 provides that vessels are documented under the laws of the United States until their documents are surrendered with the approval of the board. As it reads, however, this section only applies to Subdivision B of section 37 of the same act, which subdivision prohibits the transfer without the approval of the board of a vessel documented under the laws of the United States during war or national emergency. The effect of the amendment, which consists of the addition of the words "of section 9 and," is to make the board's approval of the surrender of documents equally necessary in time of peace and to prevent any evasion of the provisions of section 9 by first surrendering the vessel's documents and then transferring the undocumented vessel. (See sec. 709 of the bill.)

HOME PORT OF VESSELS OF THE UNITED STATES.

Section 4141 of the Revised Statutes reads as follows:

"Every vessel, except as is hereinafter provided, shall be registered by the collector of that collection district which includes the port to which such vessel shall belong at the time of her registry, which port shall be deemed to be that at or nearest to which the owner, if there be but one, or if more than one, the husband or acting and managing owner of such vessel, usually resides."

The above section was enacted in 1792, before the time when corporations were engaged in operating vessels. The language of the provision was framed without consideration of the possibility of corporate, as distinguished from individual, ownership of vessels. The result is that, if the requirement that a vessel's home port be the place where "the owner * * * usually resides" were literally enforced, many of our vessels would have home ports in such interior points as Denver, Colo., and Nogales, Ariz. However, the Bureau of Navigation has in practice generally authorized the issuance of the marine documents of a vessel at the port where the greater part of the vessel business of the owner is conducted rather than at such interior points. This interpretation of existing law is based in part upon the decision of the Supreme Court of the United States in *White's Bank v. Smith* (1868) (7 Wall. 646), in which the court remarked that the home port is the port where negotiations or dealings with respect to vessels would naturally be conducted and in part upon certain implications drawn from the case of *Southern Pacific Co. v. Kentucky* (1911) (222 U. S. 63). This existing practice of the Bureau of Navigation is made law by the present bill in order that any question as to the lawful authority of the bureau to select coast ports as home ports rather than interior points in the State in which the corporation is created may be removed.

The question of the home port of the vessel also is of importance, not only in connection with the place of issuance of marine documents but in determining the place at which records of sales, conveyances, and mortgages of vessels of the United States shall be made. Subsection B of section 30 of the merchant marine act, 1920, is therefore amended to require that such record shall be made at the home port, as shown in the vessel's documents. In inserting the language "as shown in the vessel's documents," the validity of the record is made to rest not upon the vendee's or mortgagee's guess as to the home port of the vessel but on the definite fact of the actual determination of the home port by the collector of customs and the Secretary of Commerce, as shown in the vessel's documents.

While the general rule provided by the change is that the home port shall be "that port of documentation at or nearest to, and in the same customs district as, the place at which there is conducted the greater part of the vessel business of the owner," the Secretary of Commerce is given power by regulation to prescribe home ports in cases not within the above rule—as, for instance, vessels owned by the United States or the United States Emergency Fleet Corporation, vessels not engaged in trade, as yachts or cable boats—and cases where there is no port of documentation in the same customs district as that which includes the place where the greater part of the vessel business of the owner is conducted.

The new provisions as to the home port of a vessel do not change the existing law (sec. 4178 of the Revised Statutes, as supplemented by sec. 21 of the act of June 26, 1884) relating to the port of hail of a vessel; i. e., the port whose name is to be painted upon the bow and stern of the vessel.

The new provisions determining the home port of a vessel do not in any way affect the situs of a vessel for taxation purposes, for the Supreme Court has held in *Southern Pacific Co. v. Kentucky*, above cited, that the taxable situs of a vessel is not dependent in any way upon the home port or port of hail.

Subsection O of section 30 of the merchant marine act, 1920, is also amended. The existing law provides that the documents of a vessel covered by a preferred mortgage may not be surrendered without the approval of the board, except in case of the forfeiture of the vessel and its sale by court order. By agreement between the Bureau of Navigation and the United States Shipping Board the board has given a blanket approval to surrender of the documents of a vessel covered by a preferred mortgage, in case of the renewal of the documents without change in ownership of the vessel, and in case of change of documents incident to change of trade, but without change of ownership of the vessel. These additional cases are now incorporated in the law. (See secs. 705 to 708 of the bill.)

TAX PROVISIONS.

Several minor changes have been made in the administrative provisions of Title II of the bill relating to taxation.

The Assistant Secretary read the minority views, as follows:

MINORITY VIEWS.

GOVERNMENTAL POLICY.

This is a proposal to enact a law adopting a permanent policy of the Government which has been repeatedly proposed heretofore and as often rejected by Congress.

That policy involves launching the Government upon a sea of trouble and enormous expense, in the form of a direct cash contribution from the Treasury to specific private enterprise.

The proposal is based upon the averment that the adoption of such a policy is necessary to the establishment and maintenance of a merchant marine adequate for the needs of the United States.

The measure is attempted to be supported by the assumption that it is sound because the opponents of such a policy do not propose anything better or different.

Such an assumption is, of course, unwarranted. It assumes that if an unwise or positively vicious measure is proposed it should be accepted, unless some substitute for it is suggested.

The answer to such a measure is and must be resistance and defeat. Any attempt to modify, amend, or substitute, means compromise, more or less recognition of the principle involved, and therefore would be inadequate and unsatisfactory.

The argument in support of the measure is based upon two proposals.

First, The Government now has a fleet of some 1,400 steel vessels, cargo carriers, and 44 passenger carriers, and their maintenance and operation is costing the Government some \$3,000,000 per month over and above their earnings.

Second, It is essential to the establishment and maintenance of an American merchant marine that these vessels should pass to private ownership speedily and the Government agency or bureau known as the United States Shipping Board should go out of existence.

The first and complete answer to these reasons for the measure is that it will not accomplish either of these things.

The second answer is that by the merchant marine act of 1920 ample provision has been made for the orderly and proper accomplishment of these proposals in so far as they should be accomplished in the public interest.

The third answer is, if the Shipping Board is incompetent or inefficient and can not execute the law or administer the affairs intrusted to it, the remedy does not lie in making an annual draft on the Treasury of from \$53,000,000 to \$75,000,000, but rather by a change of officials or Government agency, or change in the plans and practices which are producing alleged disastrous results.

The proposed measure means simply the establishment of a general subsidy system which will be fastened on the country for an indefinite period.

That can be determined on its merits, and the fact of the Government's having idle ships is not a material factor.

That it is put forward simply shows that the bill is based on a temporary situation which happens to be a period of intense depression.

It is a question of cargoes, and payments out of the Treasury will not solve that question. Natural and economic causes for decline in volume of international trade can not be overcome by financial Federal aid, out of the Treasury, to ships.

The whole tendency of the administration is against encouraging international trade. We can not have cargoes in the absence of foreign trade. Losses will not be eliminated because only a small portion of the tonnage will pass into private hands, as proponents of the bill admit, even if it should become a law, for years to come, and a costly overhead will continue.

In consequence, overhead expenses of the bureau and the losses will simply be supplemented by cash out of the Treasury. The taxes of the people will be increased by the amount of the aid given.

If the Government had no ships would this subsidy be voted?

The Government owning the ships, with full authority under existing laws in the Shipping Board to dispose of them on such terms as they may determine, so far from that situation supporting the grounds for the subsidy, it absolutely destroys or removes all basis for the demand.

The claim that there is need for a balancing of the fleet, as an argument for some of the provisions of the measure, is fallacious. We will never get a balanced fleet under this bill.

COMPENSATION—DIRECT SUBSIDY.

It is alleged that the subsidy is intended for the benefit of a suitable fleet to carry American grain and provisions and cotton to markets in foreign lands. These are described as "the farmers' kind of ships."

It is perfectly plain, on the other hand, that the ships which would chiefly be benefited are not the cargo ships at all, but passenger ships, and those of other types.

For instance, a cargo ship of 5,500 gross tons, such as those vessels built at Hog Island, would receive a minimum compensation. Such a ship, along with practically 1,200 others, composing our cargo carriers, would have about 200 steaming days a year, and make about 200 miles a day, and receive the one-half-cent rate, which would amount to about \$11,000 per annum.

It is not conceivable that this amount would induce purchasers to acquire those ships or be a very material figure in their operations.

On the other hand, for instance, the *George Washington*, 25,000 gross tons, would receive approximately \$300,000 per annum.

This ship on a recent voyage, just completed, made a profit over expenses of \$140,000.

Is there any need for taxing the people \$300,000 a year to be paid out of the Treasury to this particular ship directly when she is, even in present circumstances, able to make a profit of \$140,000 per voyage?

Her sister ship, *America*, made a net profit of \$45,000 on her last voyage, and she would receive out of the Treasury annually a gift of \$300,000 under this bill.

These ships are 18½ knots, and it is estimated that they would sail 400 miles a day, and have 220 sailing days, and they would receive 1.3 cents per gross ton for each 100 miles.

If these passenger ships carried mail they would receive the mail subsidy in addition to the compensation mentioned.

The Standard Oil Co. has approximately 100 ships, aggregating 700,000 gross tons. Even at the minimum rate they would receive, as the bill was introduced and reported, a subsidy in the shape of direct compensation, it is called, of about \$1,500,000 a year, notwithstanding they are engaged primarily in carrying products of their own. The bill was amended so as to eliminate this particular contribution to them as respects their own goods.

The United States Steel Corporation has 35 ships, aggregating 200,000 gross tons. They are engaged in carrying their own products primarily, but they would receive out of the Treasury, as the bill was reported, and from this direct compensation, approximately \$500,000 a year. This, too, was eliminated by amendment, as applied to their own products.

The United Fruit Co. has 22 ships, 100,000 gross tons. On this compensation basis they would receive, as the bill was reported, about \$250,000 a year, although they were built and are operated primarily for the transportation of their own commodities. The amendment applied to these vessels, respecting their own commodities.

The *William Penn*, 7,600 gross tons, our only ship equipped with the Diesel engine, recently made a voyage to the Orient, and her net profits were \$30,000—her speed 10 knots.

The operating expenses of these ships equipped with the Diesel engine is about two-thirds of the oil or coal burners. The oil burner is generally cheaper than the coal.

Under this bill the *Minnekahda*, 17,281 gross tons, 16½ knots, would have a rate of compensation of 1 cent, and her subsidy would amount to \$150,000 a year. She is owned by the Atlantic Transport Line, affiliated with the International Mercantile Marine. We never understood they were in need of a subsidy, or of any direct aid by way of compensation.

The Pacific Mail has 12 ships. They are rather slow and small, and they aggregate 60,000 gross tons, and the amount of compensation or direct subsidy for the entire fleet would be about \$150,000 under this bill.

It will be seen that one ship of 17,281 gross tons would receive as much compensation as an entire fleet of 12 ships of the aggregate gross tonnage of 60,000 would receive.

The *Leviathan* will be entitled to receive of this direct compensation \$1,250,000 per annum, which may be doubled.

In all cases compensation is to be computed "for each gross ton of the vessel," no matter what her cargo may be. If she goes empty, she will receive as much as if she goes loaded.

We mention these cases by way of illustrating how the bill would operate and to show the utterly indefensible results of the legislation.

These contracts are to run for 10 years from the time they are made—not from the passage of this act—as the bill was reported, but the Commerce Committee proposes to amend by limiting the period of all contracts to 15 years after the passage of the act. That question may go to conference.

It is true the bill vests in the Shipping Board the power to withhold compensation entirely or double it, at its discretion.

Instead of strengthening the bill, this provision, vesting such enormous power in a bureau which loudly proclaims its inability to cope with the situation, is enough to defeat it.

This power to build up or destroy ports, to enrich or impoverish ship lines, thus dominating localities, controlling shipowners, ship operators, and financial institutions, and the insurance companies, and all other connecting interests, would make that bureau a political autocracy and a dominating influence, equipped to work its own will.

SUBVENTIONS AND INDIRECT SUBSIDY.

As to indirect subsidies and subventions provided in the bill as reported to and as it passed the House, it was conceded by the proponents of the measure that they can not be, without any approach to accuracy, estimated. In that form, it was admitted, such benefits would be greater in extent and value than the direct compensation provided.

Congress was asked, therefore, to pass a law conferring benefits in the way of exemptions from taxation and deductions from income taxes, the extent and amount of which can not be stated, but known to be most unusual, discriminatory, and extensive, and constituting drains on the Public Treasury. The Commerce Committee of the Senate reports an amendment striking out sections 201 and 202, respecting exemptions from income taxes, and that question may go to conference.

The estimates of benefits arising from this provision in the bill range all the way from \$7,000,000 to \$15,000,000 per annum. Then, in addition, there are provisions respecting a huge loan fund at 4½ per cent (reported at 2 per cent), respecting the transportation of immigrants, depreciation allowances, monopoly of the mails, elimination of Army and Navy transports, transportation of Government officers and supplies, all conferring extensive indirect aids.

LOSSES.

Regarding the alleged losses now experienced by the Shipping Board from operations we have no accurate data.

One thing is certain, and that is, there is no occasion for continuing those losses.

If the Shipping Board can not escape them, then let them turn the ships over to the Panama Steamship Co., or to the United States Line, under Mr. Rosbottom, these two concerns alone now being guilty of the offense of Government operation, and we have no doubt we will share in the experience which these lines have enjoyed up to this time, namely, a profitable and successful business.

The present plan of operation by the Shipping Board was condemned in the hearings on the urgent deficiency appropriation bill, July 27, 1921, by the chairman and his advisors. (See pp. 17, 116, 117, and 118 of those hearings.)

The chairman of the committee asked Mr. Smull (p. 117):

"You are not in favor of continuing this present contract under which the Government pays all of the expenses and the operator receives 5 per cent of gross receipts?"

"Mr. SMULL. I would prefer to have a man with something at stake, so that he would be vitally interested in the operation of the boats."

"The CHAIRMAN. Are you in favor of abolishing the present contract system of operating those ships?"

"Mr. SMULL. Yes, sir."

"The CHAIRMAN. Is there any chance under the present system for the Government ever to make anything out of the operation of ships?"

"Mr. SMULL. That just keeps the Government in the business."

"The CHAIRMAN. And it keeps the taxpayers paying the loss?"

"Mr. SMULL. Yes."

And yet that system has been continued, and it has been the only kind of Government operation we have had until recently, when the United States Line was placed in charge of Mr. Rosbottom, who was borrowed from the Panama Steamship Co. to operate that line for the Government.

All the other ships are operated under that system, to wit, a contract made with private parties under which the Government pays all of the expenses and the operator receives 5 per cent of the gross receipts.

As to the alternative proposal, briefly it may be stated in the language of Mr. Lasker, the chairman of the Shipping Board, at the hearings which we have alluded to, at page 116.

Mr. Smull then said:

"The best plan, and the one we advocate most strongly, is the sale of the ships, so as to get rid of the fleet, and get out of the business entirely. Getting these ships into American ownership is the best plan, and that will be done as soon as the market will absorb this tonnage and give us any kind of price which will let us out at all."

"Mr. KELLEY. Have you figured how much leeway Congress should give you in order to get rid of this fleet?"

"Mr. SMULL. That is a hard question."

"Mr. LASKER. I will answer it. When the world's shipping gets buoyant the avarice of men will make them want to increase their fleets, and we will sell the ships, and that day is sure to come; and the Government has got to keep the ships going and put confidence either in ourselves or some others to keep them going as efficiently as can be under the circumstances until such time arrives. Is that a fair statement?"

"Mr. SMULL. Yes, sir; I can not tell you how long it will be."

AMOUNT OF SUBSIDY.

Let us quote from Lasker himself respecting two other important facts.

At the hearings of the joint committee on this measure as it was first introduced, page 273, Mr. Lasker gave the items as to the amount of the proposed subsidy.

He said:

"The total cost to the Treasury if the bill ever becomes highly successful in operating, so that we have an adequate merchant marine for peace and war, will be:

Customs	\$30,000,000
Tonnage	4,000,000
Income tax	10,000,000
Construction	3,000,000
Postage	5,000,000

"Mr. DAVIS. How much does that add up—\$52,000,000?"

"Mr. LASKER. That will add up \$52,000,000."

If the Commerce Committee's amendment prevails, it would exclude one item in this list, to wit, income tax. That has not yet been determined, but supposing that elimination is accomplished, the subsidy would then stand at \$42,000,000 a year.

How consistent is that with the talk that the amount of this subsidy should not exceed one-half of the present losses from operation!

HIGH WAGE COST.

A great deal has been made of the suggestion that our laws operate to make the cost of operation of American ships greater than the cost of foreign ships.

At the hearings mentioned, page 43, volume 1, the following appears:

"Mr. BANKHEAD. I understand from the President's address to Congress, and also from the statement that you have made, that you do not undertake to recommend or urge any material change in the seaman's act that now exists?"

"Mr. LASKER. You are right. I want to take occasion to say here that I think the seaman's act has been one of the most misrepresented acts of which I have ever heard. I came down to Washington believing, as most people in my part of the country do, if you repeal the seaman's act you would have a merchant marine. That is pure bunk."

"Mr. BANKHEAD. That is the reason I asked the question, because for a long time those who were undertaking to give reasons why we could not operate successfully with our foreign competitors based their assertions exclusively on the discrimination caused by the seaman's act."

"Mr. LASKER. I think they have gotten worn out on those representations."

"Mr. BANKHEAD. I am glad to hear that."

At the hearings Mr. Andrew Furuseth stated:

"As a result of these reductions the wages of American seamen are now much lower than the wages of Canadian and Australian seamen; are practically on a level with British wages; and are substantially higher than the wages only of Japanese among the principal maritime nations."

SHIPYARDS.

We have all the raw material for building ships in the United States. We have demonstrated our ability to build ships. At Hog Island we laid the keel of a cargo steel ship and launched her in 27 days. We set the high mark and standard for the world.

Under the recent tariff act we tax ships 50 per cent of the repairs made in foreign yards in order to force them to have their work done in our yards. This will add to insurance and other expenses of the American ships.

What we lack in this country is cooperation on the part of shippers and owners and the people generally. It is that spirit of cooperation which has built up the merchant marine of other countries.

Subsidies never created or maintained permanently a merchant marine in any country.

SUBSIDIES TO COMPETITORS.

It is argued that we must have a subsidy because our competitors subsidize shipping and shipyards.

These competitors are named as Great Britain, France, Italy, and Japan.

The entire aggregate provision made for subsidies, subventions, and other aids in those countries amounts all told—Great Britain, France, Italy, and Japan—to approximately \$17,000,000 per annum.

Ten per cent of our customs duties would yield over \$40,000,000, which must go into this compensation fund under this bill.

That item alone will amount to nearly three times the total of all subsidies and subventions afforded by all our competitors named.

On this subject of cooperation we refer to clipping from a newspaper headed, "Germans building ships for Bethlehem Steel Co." and reading as follows:

"HAMBURG, November 19.—Two motor-driven ore-carrying steamships, each of 20,000 tons and measuring 560 feet in length and 72 feet in width, are under construction in German shipyards here for the Bethlehem Steel Co. The boats will ply between Chile and the United States."

Also,

[From the Public Ledger.]

ORDER SHIPS BUILT ABROAD—LIVERPOOL FIRM TO BUILD THREE FOR BOSTON CONCERN.

(Special cable dispatch.)

"LONDON, June 25.—Three electric motor-driven refrigerator ships have been ordered by the United Fruit Co., of Boston, from Liverpool shipbuilders. It was announced to-day.

"The operative power will consist of Diesel engines, and each ship will be about 4,000 gross tons, making them the largest ships in American fruit trade to make use of this new type of engine."

And,

[From the Manufacturers' News of Chicago.]

"CHICAGO.—The arrival June 12 of the Cunard Line steamship *Mauretania* at Cherbourg with Morris & Co. products from Chicago again demonstrated the practicability of a fast overseas freight service from Chicago to Europe in seven days. On June 4 the shipment left Chicago over the Erie Railroad at 4.30 a. m., and after a fast run to New York was loaded aboard the *Mauretania* early Tuesday morning. The ship sailed at 1.30 p. m. same day. Cablegrams announce the arrival of the ship after a world's record-breaking ocean voyage, 5 days, 8 hours, and 10 minutes to Cherbourg, France, making a total running time from Chicago of 7 days, 9 hours, and 40 minutes.

"Two weeks before the White Star liner *Majestic* carried a shipment from Chicago to Southampton in 7 days, 11 hours, and 56 minutes in connection with a fast New York Central train.

"Another refrigerator trainload of provisions from Chicago, over the Erie Railroad, was loaded Saturday onto the fast Cunard liner *Caronia* for Hamburg, Germany, and on the White Star liner *Majestic*, which also sailed Saturday noon."

This is simply an illustration to show that legislation—donations, gifts, aids, subsidies—such as proposed here will not solve our problem.

Our total exports and imports for this year are but little over one-third what they were in 1920. The world's trade pendulum will swing upward again, and there is no occasion to be stampeded into paying some people to relieve the Government of temporarily unsalable but very valuable property.

THE GOAL.

We must keep in mind the real and vital purpose of a merchant marine, namely, the preservation, development, and extension of American commerce overseas. We make a mistake to constantly think only in terms of the ship operator and his profits. Commerce is the main thing. While we are establishing new markets, new shipping lines, transportation may not be profitable purely as a business venture, particularly in times of depression and readjustment, we must expect to encounter discouragement and financial loss. That condition simply calls for constant prodigious effort. We will make national advancement and enrich American commerce beyond the seas by such effort and proper cooperation, resulting in the creation and maintenance of an American merchant marine. At the same time, while promoting foreign trade, we provide a fleet of vessels to meet national emergencies.

The kind of encouragement and support, and the ways and means of supplying it, as provided in this bill, would simply result in the unseemly spectacle of representatives of private enterprise crowding to the Capital from every quarter of the country, besieging the Shipping Board, vested with the vast powers provided in the bill, for a participation in governmental favors. It is inconceivable that such a spectacle should be tolerated.

"MO 4" CONTRACTS.

Operating losses are arising by reason of the falling off in international trade and the fact that the Government ships are being operated under what is known as the MO 4 contract, except only in the case of the United States Line, now under the management of Mr. Ross-bottom for the Shipping Board.

This contract Mr. Lasker himself said in July, 1921, page 16 of the hearings before the subcommittee of the House Committee on Appropriations on the urgent deficiency bill, "is the most shameful piece of chicanery, inefficiency, and of looting of the Public Treasury that the human mind can devise."

Further, he said, page 17:

"The minute that the world trade shows up at all, the minute it gets so that men may make money, we are going either to make them charter or buy these boats or take them away from them and give them to somebody who will charter or buy, and maybe while doing that we can get rid of some, but in the meantime we are under this MO 4 contract."

He promised also:

"If we have not fully succeeded in putting in our system, you can hurl it back to me when I come again in six months."

It has now been a year and a half since the promise to change that plan so strongly denounced by Mr. Lasker was made, and yet it is continued.

As to Government ships operated by companies in connection with their own, there would appear to be no justification for the plan—the MO 4 contract—and no escape from loss. It was condemned in the strongest language a year and a half ago, and yet it is continued in practice.

Operating losses have been reduced by tying up two-thirds of the ships and operating only one-third, approximately.

The problem is stated to be to relieve the Public Treasury of the drain of about \$50,000,000 a year, estimated by those who heard the testimony before the joint committee to be about \$36,000,000 instead. This is the chief plea for the subsidy which is erroneously stated to be about one-half that amount, in the face of itemized estimates by the board that it will amount to \$52,000,000 a year, and while the direct subsidy may be limited to \$30,000,000, the mail monopoly and other indirect aids will be very considerable. Instead of merely authorizing all moneys in the merchant marine fund to be appropriated the committee amendment (p. 24, line 7) permanently appropriates all such moneys, except the discretionary increases. There is therefore \$30,000,000 a year actually and permanently appropriated in the way of direct subsidy, and the friends of the measure themselves can not definitely say what the various aids and benefits will aggregate.

These vast donations to shipowners will be added to terrific expenses of Shipping Board and Fleet Corporation. A few hundred of the best and only profit-producing ships of the fleet will be sold at about one-tenth their cost; the remainder will be on hand, tied up, or operated at a loss. Nothing will be gained, but enormous burdens will be added.

ALTERNATIVE.

The proper course is, the alternative, if you please, to stop this loss immediately by turning all the ships over to the highly successful Government-owned and Government-operated line, and the only one, except the United States Line, lately established in the trans-Atlantic business, the Panama Steamship Co., or both that company and the only other Government-owned and operated line, the United States Line, or else care for and operate them directly, properly, and efficiently, as conditions require. Not only would the loss be stopped, but the ships employed would be operated at a profit, as are the ships now being operated by these two Government steamship companies.

AMERICAN SHIPPING.

The rash claim is made that American shipping can not exist, that private shipowners can not finance themselves, without a subsidy.

The answer is, there is to-day a greater privately owned tonnage under the American flag than there ever has been in the whole history of our country at any previous time.

On November 1, 1922, there were 1,960 privately owned ships of 500 gross tons or over, and the total tonnage of these ships is 5,797,925 gross tons—approximately 8,500,000 dead-weight tons. They are being operated by some 76 ship-owning corporations, under the American flag, without any subsidy, and new ships are being constantly added.

At least 16 American companies are operating ships under the American flag, successfully and profitably, to foreign countries, in competition with foreign-flag ships, without a subsidy.

The effect of a subsidy will be not to create but to retard the proper and permanent development of an American merchant marine. The subsidy proposed will be at best a premium on inefficiency.

Subsidy never created, established, or maintained permanently a merchant marine in any country. It has proven either an unimportant or a positively harmful factor wherever tried.

Some 14 companies owning ships for their own requirements primarily, carrying their own goods, capitalized at \$5,046,000,000, will receive compensation and benefits under this bill, running into millions. Its provisions are indefensible and monstrous as it was reported, and the amendments agreed to and those now proposed still leave the principle asserted and an unwise policy established and the tax of millions each year for 15 years fixed and certain.

GETTING RID OF THE SHIPPING BOARD.

One avowed object of this measure is to put the Shipping Board out of business.

We submit it is not in the public interest to dispense with a Government agency of this character.

Whether all the ships are privately owned, or whether some are so owned, and some are owned by the Government—in any case we shall need some governmental agency to deal with the question of rates at which American commerce shall be carried. If this measure is passed and results in the elimination of the Shipping Board, as its friends intend and expect, American commerce will be at the mercy of the lines running and operating the ships, even though they fly our flag. Conference agreements will determine the rates of freight, as well as passenger traffic. There would be no control with reference to the routes upon which steamship lines would be established.

These questions of rates and routes, together with questions of discrimination, classification, insurance, and such other regulatory powers as will favor the development of American trade in foreign lands and facilitate the movement of our surplus products overseas are matters which clearly should be within the supervision and control of the Government. Unless the ocean freight rates are kept just and reasonable it avails us little to have our flag on the ships.

For these reasons an effort to dispense with the Shipping Board and close up its affairs should not prevail unless some substitute is provided.

This, of course, is predicated upon the theory that such a board will perform its full duty, conscientiously and intelligently.

The bill should not pass.

DUNCAN U. FLETCHER.
MORRIS SHEPPARD.
T. H. CARAWAY.
N. B. DIAL.
F. M. SIMMONS.

Mr. JONES of Washington. Mr. President, I ask unanimous consent for the adoption of the following order. One Senator especially has stated to me that he would like to have four or five hundred copies of the bill to send out to his constituents, and he also stated that several other Senators would like to do the same thing.

The VICE PRESIDENT. The Secretary will read the proposed order.

The order was read and agreed to as follows:

Ordered, That 5,000 copies of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, be printed for the use of the Senate document room.

EXECUTIVE SESSION.

Mr. JONES of Washington. I had intended to go on this afternoon and finish my statement with reference to the bill, but several Senators have asked me not to do that until tomorrow. Therefore I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were opened, and the Senate (at 4 o'clock and 5 minutes p. m.) adjourned until tomorrow, Tuesday, December 12, 1922, at 12 o'clock noon.

CONFIRMATIONS.

Executive nominations confirmed by the Senate December 11, 1922.

UNITED STATES COAL COMMISSION.

John Hays Hammond.	George Otis Smith.
Thomas Riley Marshall.	Edward T. Devine.
Samuel Alschuler.	Charles P. Neill.
Clark Howell.	

APPOINTMENTS IN THE REGULAR ARMY.

To be captains.

Maj. Richard Bolles Paddock, Field Artillery.
 Maj. Carl Spatz, Air Service.
 Maj. Harold Roe Bull, Infantry.
 Maj. James Byron Haskell, Coast Artillery Corps.
 Maj. Charles Morton Milliken, Signal Corps.
 Maj. James Fred Byrom, Infantry.
 Maj. Woodfin Grady Jones, Infantry.
 Maj. James Patrick Hogan, Coast Artillery Corps.
 Maj. Paul Clarence Paschal, Infantry.
 Maj. John Leo Parkinson, Infantry.
 Maj. Rudolph Gwinn Whitten, Infantry.
 Maj. Louis Thomas Byrne, Infantry.
 Maj. Gooding Packard, Coast Artillery Corps.
 Maj. Glenn Preston Anderson, Coast Artillery Corps.
 Maj. Walter Cyrus Gullion, Adjutant General's Department.
 Maj. Francis Marion Brannan, Infantry.
 Maj. Vicente Lim, Philippine Scouts.
 Maj. Adam Empie Potts, Coast Artillery Corps.
 Maj. William Rutledge Orton, Infantry.
 Maj. Rufus Sumter Bratton, Infantry.
 Maj. Thomas George Lanphier, Air Service.
 Maj. Sylvester DeWitt Downs, jr., Field Artillery.
 Maj. Orlando Ward, Field Artillery.
 Maj. Benjamin Grant Weir, Air Service.
 Maj. Ralph Royce, Air Service.
 Maj. Thomas Huntington Monroe, Infantry.
 Maj. Roger Burnett Harrison, Infantry.
 Maj. Benjamin Fiery Hoge, Cavalry.
 Maj. Frederick Herr, Cavalry.
 Maj. Clifford James Mathews, Infantry.
 Maj. Frank William Milburn, Infantry.
 Maj. George Horton Steel, Quartermaster Corps.
 Maj. Harold William James, Infantry.
 Maj. Donald Henley, Infantry.
 Maj. John Hamilton Chew Williams, Air Service.
 Maj. Richard William Cooksey, Cavalry.
 Maj. James deBarth Walbach, Coast Artillery Corps.

To be first lieutenants.

Capt. Overton Walsh, Field Artillery.
 Capt. Clarence Harvey Bragg, Infantry.
 Capt. Paul Rutherford Knight, Infantry.
 Capt. DeWitt Clinton Smith, jr., Infantry.
 Capt. John Curtis Newton, Infantry.
 Capt. Vaughan Morris Cannon, Cavalry.
 Capt. Wilson Stuart Zimmerman, Field Artillery.
 Capt. Graeme Gordon Parks, Infantry.
 Capt. Edwin Paul Ketchum, Corps of Engineers.
 Capt. Frank Lee McCoy, Infantry.
 Capt. Cyril Clifton Chandler, Infantry.
 Capt. Fred Harold Norris, Infantry.
 Capt. James Francis Clark Hyde, Corps of Engineers.
 Capt. Robert James Kirk, jr., Infantry.
 Capt. James Edward Mendenhall, Infantry.
 Capt. Leo Alexander Bessette, Infantry.

Capt. Kent Clayton Mead, Infantry.
 Capt. James Wellington Younger, Quartermaster Corps.
 Capt. Amory Vivian Elliot, Infantry.
 Capt. James Clarence Reed, Infantry.
 Capt. John Matthew Clarke, Quartermaster Corps.
 Capt. Charles Oliver Wolfe, Infantry.

To be second lieutenants.

First Lieut. John Creel Hamilton, Cavalry.
 First Lieut. John Joseph Breen, Ordnance Department.
 First Lieut. Mark Rhoads, Cavalry.
 First Lieut. Edward Arthur Dolph, Coast Artillery Corps.
 First Lieut. Joseph Kittredge Baker, Cavalry.
 First Lieut. Charles William Leng, jr., Cavalry.
 First Lieut. Edward Ward Hendrick, Coast Artillery Corps.
 First Lieut. Frederick Pearson, Infantry.
 First Lieut. Charles Frederick Colson, Infantry.
 First Lieut. Albert Walker Johnson, Cavalry.
 First Lieut. Donald Frederic Carroll, Infantry.
 First Lieut. Bernard Wellington Slifer, Coast Artillery Corps.
 First Lieut. Willard Ames Holbrook, jr., Cavalry.
 First Lieut. Auston Monroe Wilson, jr., Coast Artillery Corps.
 First Lieut. Samuel Powell Walker, jr., Cavalry.
 First Lieut. Robert Alwin Schow, Infantry.
 First Lieut. John Harrison Stokes, jr., Infantry.
 First Lieut. Jesse Ellis Graham, Infantry.
 First Lieut. Carlyle West Graybeal, Air Service.

POSTMASTERS.

INDIANA.

Stella D. Evans, Russellville.
 Bert C. Lind, Sanborn.

NEW JERSEY.

Sadle E. Johnson, Fort Hancock.
 Arity L. Hope, Raritan.

OHIO.

George R. Warren, Groveport.
 Clarence E. Dowling, Prairie Depot.

RHODE ISLAND.

Arthur L. Taylor, Phenix.

SOUTH CAROLINA.

George S. McCravey, Liberty.

HOUSE OF REPRESENTATIVES.

Monday, December 11, 1922.

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, bless abundantly the Congress assembled and let the unifying principle be founded upon the moral forces of justice and righteousness. Upon the work of this day let Thy benediction rest. May the knowledge that we have of Thee be so directed that we shall go on to greater virtue, to finer fortitude, to better aspiration, and to utmost endeavor for our country's sake. Everywhere promote mutual confidence among men, and may no great destructive power be allowed to spread its dark shadows over humanity. By faith, by hope, and by love may we hold on to Thee and the best that is in the world. Through Christ. Amen.

The Journal of the proceedings of Saturday, December 9, 1922, was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 3593. An act to authorize an exchange of lands with owners of private land holdings within the Glacier National Park.

The message also announced that the President pro tempore had appointed Mr. BALL and Mr. TRAMMELL members of the joint select committee on the part of the Senate, as provided for in the act of January 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers of the Board of Inspection and Survey, Navy Department.